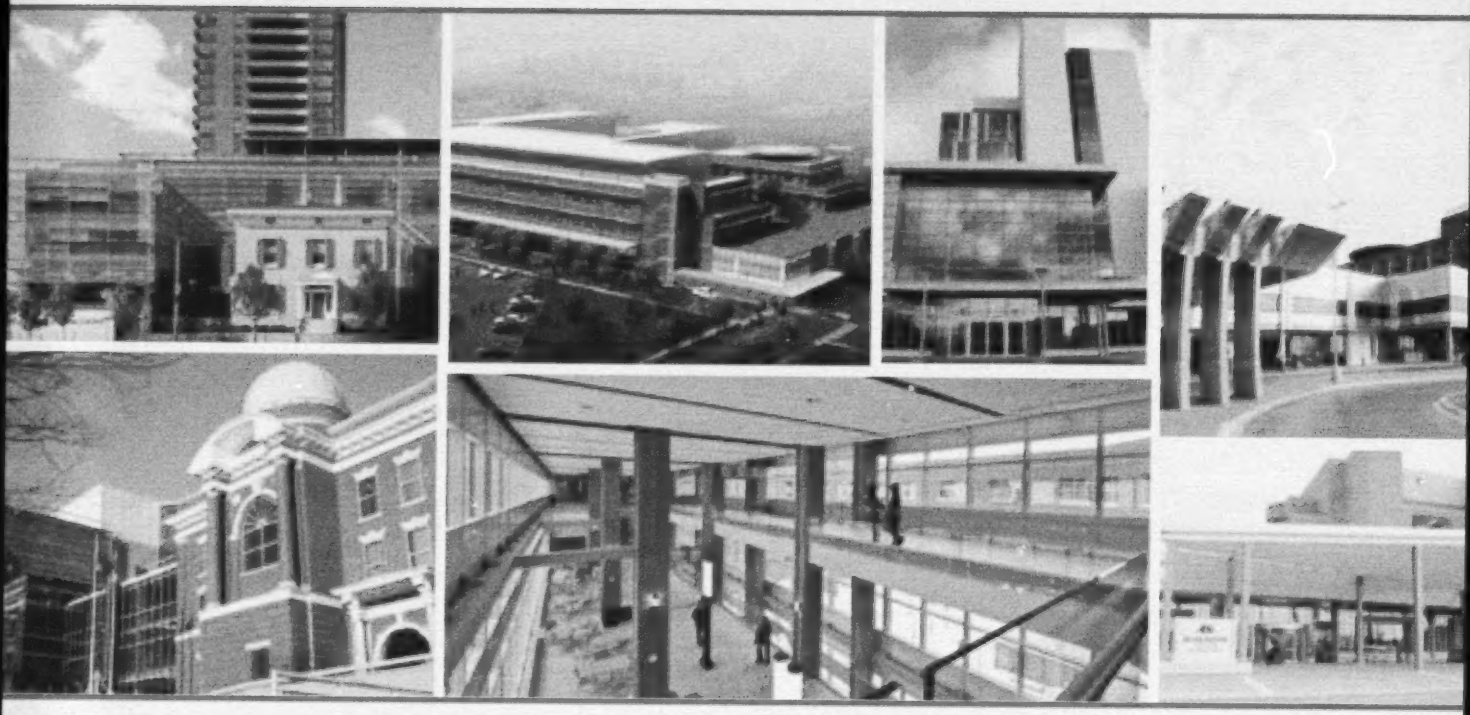

Ontario Infrastructure Projects Corporation

Annual Report
2010-2011

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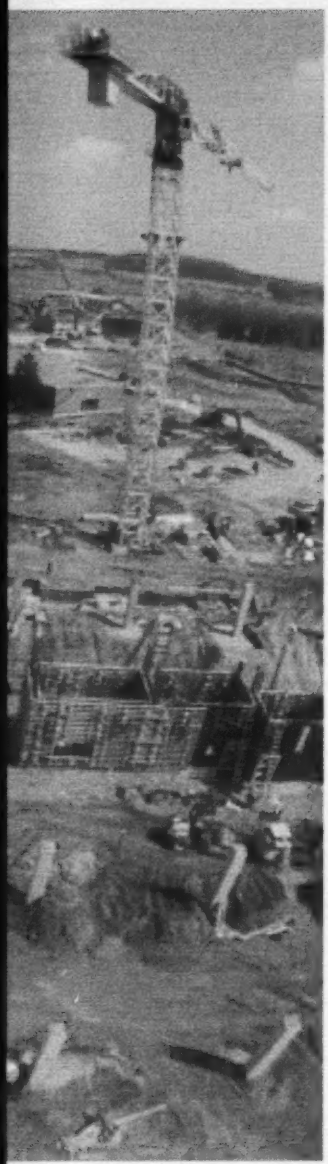

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MESSAGE FROM THE CHAIR

This was another extraordinary year for Infrastructure Ontario. Eight projects reached substantial completion, bringing the total to 17 completed projects in just over five years. At the same time, we ended the year with $3 billion in outstanding loans.

On behalf of the Board of Directors, I am pleased to present Infrastructure Ontario's 2010-2011 Annual Report. The report outlines the agency's business performance and operational highlights, and includes audited financial statements for the fiscal year that ended March 31, 2011.

Several projects remain in the pipeline including venues for the much anticipated Pan/Parapan American Games. We began work with Toronto 2015 and other government agencies to procure and deliver the Athletes' Village and many other large and small competition venues. The Athletes' Village project was the first Games venue to get underway, with the release of the request for proposal in early 2011.

The Loan Program continues to exceed target with $950 million in advanced loans for 2010-2011. This accomplishment brings the total of advanced loans to $3.7 billion as of March 31, 2011. This is in support of over 1,200 infrastructure projects to renew the province's roads, bridges, universities, water systems and other vital public infrastructure.

Earlier this year, the government announced its intention to merge Infrastructure Ontario with the Ontario Realty Corporation. Legislation passed and the two agencies were officially consolidated on June 6, 2011 and was renamed the Ontario Infrastructure and Lands Corporation.

As we look ahead to the opportunities of the changing landscape, I am proud of the accomplishments we've achieved over the past five years. I am confident that collectively, going forward, we will continue to deliver the same level of service and commitment that our stakeholders have come to expect.

Finally, I would like to thank David Livingston and all the staff at Infrastructure Ontario for their continued commitment and hard work.

Tony Ross
Chair
Infrastructure Ontario

MESSAGE FROM THE CEO

In early 2011, the Ontario government announced its intention to merge Infrastructure Ontario (IO) and the Ontario Realty Corporation in order to realize savings and efficiencies while bringing together the right expertise required to deliver valued public service for people in communities across Ontario. On June 6, 2011 the two agencies officially merged as the Ontario Infrastructure and Lands Corporation.

For the new agency, this means a new and exciting opportunity to play a critical role in helping to modernize Ontario's economy through maximizing the value of public real estate, managing Ontario's government facilities and financing the renewal of our province's public infrastructure. As the new organization will be focused on delivering projects on time and on budget while improving customer service, it will also turn its eye to the future, making the operational changes necessary to effectively support the long-term infrastructure plans put forward by the Government of Ontario.

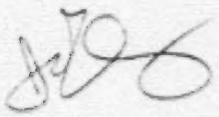
This year's annual report provides an opportunity to look back and acknowledge the positive momentum built by the team at Infrastructure Ontario over the last five years. With more than 50 AFP projects in the market valued at an estimated $23 billion, and $ 3.7 billion in total advanced loans, IO has clearly demonstrated its ability to deliver public infrastructure projects on-time and on-budget.

Over the past year eight hospital projects reached substantial completion, bringing the total of completed projects to 17 in just five years. Also, last year, ten more public infrastructure projects moved forward to various stages of procurement including the first projects for the Pan/Parapan American Games as well as the Air Rail Spur, all of which will benefit the Greater Toronto Area (GTA). Projects such as the OPP Modernization saw construction start for 18 new facilities in 16 communities across Ontario last year as well. These new facilities will provide more efficient and effective policing infrastructure that will enhance community safety and support Ontario's justice system.

The loan program advanced $950 million in loans, the largest annual amount in the program's history and a 35 per cent increase over 2009-2010. Since 2005, IO's loan program has leveraged the development of almost $7 billion in local infrastructure projects.

IO's client-centered approach is critical to building our reputation and advancing the interests of the province, while delivering results based on our business plans. In our annual client survey both AFP and Loan Program clients continue to indicate strong satisfaction with our staff, our processes and our ability to make infrastructure projects happen. This client-focus will continue as a priority going forward.

I am confident that our new organization will build on the excellent track record and use best practices from the private and public sectors in order to deliver on the government's priorities for the benefit of Ontario.



David Livingston
Chief Executive Office
Infrastructure Ontario

2010-2011 EVENTS AND ACHIEVEMENTS

March 18, 2011	RFP Issued for the Air Rail Link
March 14, 2011	Financial Close reached for St. Joseph's Regional Mental Health Care Project
March 10, 2011	Short-listed teams announced for Highway 407 Extension
March 1, 2011	**Substantial Completion reached for Mississauga Credit Valley Hospital**
March 1, 2011	**Substantial Completion reached for London Health Sciences Centre/St. Joseph's Health Care London M2P2 St. Josephs health Centre and Victoria Campus**
February 25, 2011	RFP Close announced for the New Oakville Hospital
February 24, 2011	Groundbreaking for Thunder Bay Consolidated Courthouse
February 17, 2011	Grand Opening Event at Rouge Valley's Ajax and Pickering Hospital
February 15, 2011	Official dedication of the new Sault Area Hospital
February 9, 2011	RFQ Issue announced for the Pan/ParaPan American Games Stadia and Velodrome
January 31, 2011	Financial Close reached for Mental Health Centre Penetanguishene
January 28, 2011	RFP Issue announced for the Pan/ParaPan American Games Athletes Village Project
January 21, 2011	RFP Close announcement for the St. Thomas Consolidated Courthouse
January 11, 2011	"Topping Off" ceremony at the Centre for Addiction and Mental Health
January 6, 2011	**Substantial Completion reached for Rouge Valley Health System, Ajax-Pickering**
December 22, 2010	**Substantial Completion reached for Ottawa Cancer Centre – The Ottawa Hospital**
December 20, 2010	RFQ Issue announcement for the Pan/ParaPan American Games Aquatics Centre, Field House and Canadian Sport Institute Ontario project
December 17, 2010	RFP close announcement for the Quinte Consolidated Courthouse
December 17, 2010	Financial Close reached on the Windsor Essex Parkway
December 16, 2010	Groundbreaking for Markham Stouffville Hospital redevelopment
December 8, 2010	Grand Opening Celebration for Runnymede Healthcare Centre
December 7, 2010	Financial Close reached on the St. Joseph's Healthcare Hamilton project
December 7, 2010	Grand Opening event for the Runnymede Healthcare Centre
December 4, 2010	Grand Opening event for North Bay Regional Health Centre
December 1, 2010	Financial Close reached for Markham Stouffville Hospital
November 23, 2010	New Dialysis Opens at the Kingston General Hospital

November 22, 2010	RFP Issue for the third phase of the London Health Sciences Centre/ St. Joseph's Health Care project
November 19, 2010	Financial Close achieved for the Thunder Bay Consolidated Courthouse
October 26, 2010	RFP Release for Humber River Regional Hospital
October 26, 2010	RFQ Issued for the Pan/ParaPan American Games Athletes' Village project
October 13, 2010	**Substantial Completion reached for Sault Area Hospital**
October 8, 2010	Windsor Regional Hospital reaches 50 per cent project completion
September 28, 2010	Construction start for Women's College Hospital
September 24, 2010	"Topping Off" ceremony at the Niagara Health System
September 23, 2010	RFP Issued for the Sheppard East Light Rail Transit (LRT) project
September 23, 2010	Grand Opening for the Juravinski Hospital and Cancer Centre
September 15, 2010	Financial Close reached for the OPP Modernization Project
September 2, 2010	Grand Opening of the M-Shell Wing and the Women and Babies project at Sunnybrook Health Sciences Centre
August 9, 2010	Financial Close reached for the Diabetes Registry Project
July 30, 2010	Site work begins at St. Joseph's HealthCare Hamilton
July 26, 2010	RFP Issued for the St. Thomas Consolidated Courthouse
July 14, 2010	Financial Close achieved for Women's College Hospital
June, 2010	IO's Loan Program achieves $3 billion in advanced loans
June 28, 2010	Grand Opening of Sarnia Bluewater Health
June 22, 2010	Financial Close achieved for Forensic Services and Coroner's Complex
June 22, 2010	Construction start for the Waterloo Consolidated Courthouse
June 18, 2010	**Substantial Completion reached for North Bay Regional Health Centre**
May 31, 2010	RFP Issued for the Halton Health Care
May 13, 2010	RFP Issued for the Quinte Consolidated Courthouse
May 3, 2010	**Substantial completion reached for Hôpital Monfort**
April 27, 2010	One year construction anniversary celebration for the Niagara Health System project
April 23, 2010	Grand Opening of the Centre for Diabetes, Endocrinology and Metabolism at the St. Joseph's Hospital in London
April 21, 2010	"Topping Off" ceremony at the Toronto Rehabilitation Institute
April 1, 2010	**Substantial completion reached for London Health Sciences Centre/St. Joseph's Health Care - St. Joseph's Health Centre**

AFP PROJECTS CURRENTLY IN PROGRESS

AFP Projects Activity

Projects that have reached Substantial Completion

- Credit Valley Hospital (achieved in 2010-2011)
- Durham Consolidated Courthouse
- Hamilton Health Sciences – Hamilton General Hospital
- Mônfort Hospital (achieved in 2010-2011)
- New Data Centre
- North Bay Regional Health Centre (achieved in 2010-2011)
- Quinte Health Care
- Rouge Valley Health System(achieved in 2010-2011)
- Roy McMurtry Youth Centre
- Runnymede Healthcare Centre
- Sault Area Hospital (achieved in 2010-2011)
- London Health Sciences Centre/St. Joseph's Health Care London, M2P2 St. Joseph Health Centre (achieved in 2010-2011)
- Sudbury Regional Hospital
- Sunnybrook Health Sciences Centre (achieved in 2010-2011)
- The Ottawa Hospital Regional Cancer Program - Queensway Carleton Hospital and the Ottawa Hospital (achieved in 2010-2011)
- Trillium Health Centre
- St. Joseph's London M2P1

Projects Under Construction

- Bridgepoint Health
- Centre for Addiction and Mental Health
- Diabetes Registry and eHealth Portal Project
- Sarnia Bluewater Health
- Forensic Services and Coroner's Complex
- Hamilton Health Sciences – Henderson General Hospital
- Kingston General Hospital
- Lakeridge Health
- Markham Stouffville Hospital
- Niagara Health System
- Ontario Highway Service Centres
- OPP Modernization
- Royal Victoria Hospital
- Thunder Bay Consolidated Courthouse
- Toronto Rehabilitation Institute
- Toronto South Detention Centre
- Waterloo Region Consolidated Courthouse
- Windsor Regional Hospital
- Woodstock General Hospital
- Women's College Hospital
- St. Joseph's Healthcare Hamilton
- Mental Health Centre Penetanguishene
- Windsor Essex Parkway
- St. Joseph's Regional Mental Healthcare – London/ St.Thomas
- South West Detention Centre

Request for Proposals Closed

- Quinte Consolidated Courthouse
- St. Thomas Consolidated Courthouse
- Halton Heathcare Services
- Infrastructure Ontario's Nuclear Procurement Project

Request for Proposals Open

- Humber River Regional Hospital
- London Health Sciences Centre/St. Joseph's Health Care M2P3
- Sheppard East Maintenance and Storage Facility
- TO2015 Pan/Parapan American Athletes' Village

Request for Qualifications Open

- Medication Management System
- Air Rail Spur
- Highway 407 East Extension
- Pan American Aquatics Centre, Field House and Canadian Sport Institute Ontario
- TO2015 Pan/Parapan American Stadia and Velodrome

Pre-Tender

- West Lincoln Memorial Hospital

AFP PROJECT ACTIVITY

Projects at Substantial Completion

Durham Consolidated Courthouse
Oshawa, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Access Justice Durham
Contract cost (Net present value - NPV): $334 Million
Estimated VFM Savings: $49 Million
Workers on site daily: 410 at peak of construction

Quinte Health Care
Belleville, Ontario

Model type: Build-Finance
Project Team: M. Sullivan and Son
Contract cost: $72.2 Million
Estimated VFM Savings: $8.6 Million
Workers on site daily: 135 at peak of construction

Trillium Health Centre
Mississauga and West Toronto, Ontario

Model Type: Build-Finance
Project Team: EllisDon Corporation
Contract cost: $104.1 Million
Estimated VFM Savings: $12.9 Million
Workers on site daily: N/A

Sudbury Regional Hospital
Sudbury, Ontario

Model Type: Build-Finance
Project Team: EllisDon Corporation
Contract cost: $131.9 Million
Estimated VFM Savings: $16.7 Million
Workers on site daily: 195 at peak construction

St. Joseph's Health Care Phase 1
London, Ontario

Model Type: Build-Finance
Project Team: D.Grant and Sons Limited
Contract Cost: $32.2 Million
Estimated VFM Savings: $3.1 Million
Workers on site daily: 55-65 at the peak of construction

Roy McMurtry Youth Centre
Brampton, Ontario

Model Type: Build-Finance
Project Team: Bird Construction
Contract Cost: $93 Million
Estimated VFM Savings: $9.4 Million
Workers on site daily: 380 at the peak of construction

Runnymede Healthcare Centre
Toronto, Ontario

Model Type: Build-Finance
Project Team: Bondfield Construction Company Ltd.
Contract cost: $63 Million
Estimated VFM Savings: $10.8 Million
Workers on site daily: 120 at peak of construction

The Ottawa Hospital Regional Cancer Program
Ottawa, Ontario

Model type: Build-Finance
Project Team: PCL Constructors Canada
Contract Cost – The Ottawa Hospital: $46.7 Million
Contract Cost – Queensway Carleton Hospital: $66.3 Million
Estimated VFM Savings – The Ottawa Hospital: $7.9 Million
Estimated VFM Savings – Queensway Carleton Hospital: $10.7 Million
Workers on site daily: 180 (at each site) at the peak of construction

New Data Centre
Guelph, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Plenary Properties
Contract cost (NPV): $352 Million
Estimated VFM Savings: $64.2 Million
Workers on site daily: 170 at peak of construction

London Health Sciences Centre/St. Joseph's Health Care, London Phase 2
London, Ontario

Model Type: Build-Finance
Project Team: EllisDon Corporation
Contract Cost – London Health Sciences Centre: $211.8 Million
Contract Cost – St. Joseph's Health Care, London (Phase 2): $49.2 Million
Estimated VFM Savings - London Health Sciences Centre: $41.2 Million
Estimated VFM Savings - St. Joseph's Health Care, London (Phase 2): $9.2 Million
Workers on site – London Health Sciences Centre: 300 at peak of construction
Workers on site – St. Joseph's Health Care, London: 100 at peak of construction

Credit Valley Hospital
Mississauga, Ontario

Model Type: Build-Finance
Project Team: Bondfield Construction Company Ltd.
Contract cost: $162.8 Million
Estimated Value for Money (VFM) Savings: $26.1 Million
Workers on site daily: 150 at peak of construction

North Bay Regional Health Centre

North Bay, Ontario

Model Type: Build-Finance-Maintain
Project Team: Plenary Health
Contract cost (NPV): $551 Million
Estimated VFM Savings: $56.7 Million
Workers on site daily: 250 at peak of construction

Rouge Valley Health System
Ajax, Ontario

Model Type Build-Finance
Project Team: Aecon Buildings
Contract cost: $64 Million
Estimated VFM Savings: $11.3 Million
Workers on site daily: 75 at peak of construction

Montfort Hospital
Ottawa, Ontario

Model type: Modified Build-Finance
Project Team: EllisDon Corporation.
Contract Cost: $173 Million
Estimated VFM Savings: $19 Million
Workers on site daily: 100 at the peak of construction

Sault Area Hospital
Sault St. Marie, Ontario

Model Type: Build-Finance-Maintain
Project Team: Hospital Infrastructure Partners Inc
(Carillion, EllisDon, LPF Infrastructure Fund (the
Labourers' Pension Fund of Central and Eastern

Canada) and CIT Financial.)
Contract Cost (NPV): $408 Million
Estimated VFM Savings: $101.7 Million
Workers on site daily: 500-600 at the peak of construction

Sunnybrook Health Sciences Centre
Toronto, Ontario

Model Type: Build-Finance
Project Team: Vanbots Construction
Contract cost: $142 million
Estimated VFM Savings: $14.1 Million
Workers on site daily: 160-170 at peak of construction

Juravinski Cancer Centre - Hamilton Health Sciences

Hamilton Health Sciences – Hamilton General Hospital
Hamilton, Ontario

Model Type: Build-Finance
Project Team: EllisDon Corporation
Contract cost: $44.9 Million
Estimated VFM Savings: $7.2 Million
Workers on Site Daily: 130 at peak of construction

AFP PROJECT ACTIVITY

Projects Under Construction

Hamilton Health Sciences – Henderson General Hospital
Hamilton, Ontario

Model Type: Build-Finance
Project Team: EllisDon Corporation
Contract cost: $198 Million
Estimated VFM Savings: $29.8 Million
Workers on site daily: 400 at peak of construction

Kingston General Hospital
Kingston, Ontario
Model Type: Build-Finance
Project Team: PCL Constructors
Contract cost: $141.2 Million
Estimated VFM Savings: $19.8 Million
Workers on site daily: approximately 75 at peak of construction

Lakeridge Health Corporation
Oshawa, Ontario

Model Type: Build-Finance
Project Team: Aecon Buildings and Concessions
Contract cost: $91.5 Million
Estimated VFM Savings: $11 Million
Workers on site daily: 300 at peak of construction

Niagara Health System
St. Catharines, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Plenary Health Niagara (Plenary Group, Borealis Infrastructure, PCL Constructors Canada Inc., Bregman + Hamann Architects, Silver Thomas Hanley Architects, and Johnson Controls)
Contract Cost (NPV): $759 Million
Estimated VFM Savings: $96 Million
Workers on site daily: 1000 at the peak of construction

Royal Victoria Hospital
Barrie, Ontario

Model Type: Build-Finance
Project Team: Vanbots
Contract cost: $258.5 Million
Estimated VFM Savings: $44.1 Million
Workers on site daily: 200 at peak of construction

Sarnia Bluewater Health
Sarnia, Ontario

Model Type: Build-Finance
Project Team: EllisDon Corporation
Contract cost: $214 Million
Estimated VFM Savings: $16.2 Million
Workers on site daily: 100-150 at peak of construction

Toronto Rehabilitation Institute
Toronto, Ontario

Model Type: Build-Finance
Project Team: Aecon Construction
Contract Cost: $112.1 Million
Estimated VFM Savings: $18.9 Million
Workers on site daily: 150 at the peak of construction

Woodstock General Hospital
London, Ontario

Model Type: Build-Finance-Maintain
Project Team: Integrated Team Solutions
Contract cost (NPV): $268.7 Million
Estimated VFM Savings: $71 Million
Workers on site daily: 200 at peak of construction

Bridgepoint Health
Toronto, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Plenary Health Bridgepoint
Contract cost (NPV): $622 Million
Estimated VFM Savings: $95 Million
Workers on site daily: 500-600 at peak of construction

Windsor Regional Hospital
Windsor, Ontario

Model Type: Build-Finance
Project Team: Bondfield Construction Company Ltd.
Contract cost (NPV): $ 91.6 Million
Estimated VFM Savings: $9.7 Million
Workers on site daily: 220 at peak of construction

Centre for Addiction and Mental Health
Toronto, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Carillion Canada Inc.
Contract cost (NPV): $ 293 Million
Estimated VFM Savings: N/A
Workers on site daily: 350 at peak of construction

Ontario Highway Service Centres
Highway 400/401 Corridors

Model type: Design-Build-Finance-Maintain
Project Team: Host Kilmer Services Centres Inc. (Host International of Canada Ltd.)
Contract cost (NPV): $300 Million
Estimated VFM Savings: N/A
Workers on site daily: 360 at peak of construction at each site

Toronto South Detention Centre
Toronto, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Integrated Team Solutions
Contract cost (NPV): $593.9 Million
Estimated VFM Savings: $66.8 Million
Workers on site daily: 500–550 at peak of construction

Waterloo Region Consolidated Courthouse
Kitchener, Ontario

Model type: Design-Build-Finance-Maintain
Project Team: Integrated Team Solutions
Contract cost (NPV): $379 million
Estimated VFM Savings: $47.6 million
Workers on site daily: 250 at peak of construction

Diabetes Registry and eHealth Portal Project
Model: IT Project

Project Team: Integrated Team Solutions
Contract cost (NPV): $46.2 million
Estimated VFM Savings: N/A
Workers on site daily: N/A

Forensic Services and Coroner's Complex
Toronto, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Integrated Team Solutions
Contract cost (NPV): $497 million
Estimated VFM Savings: $111.5 million
Workers on site daily: 450 at the peak of construction

OPP Modernization
Multiple Sites
Model Type: Design-Build-Finance-Maintain
Project Team: Integrated Team Solutions
Contract cost (NPV): $292.7 million
Estimated VFM Savings: N/A
Workers on site: N/A

Women's College Hospital
Toronto, Ontario

Model type: Design-Build-Finance-Maintain
Project Team: Integrated Team Solutions
Contract cost (NPV): $460 million
Estimated VFM Savings: $86 million
Workers on site: 300 at the peak of construction

Thunder Bay Consolidated Courthouse
Thunder Bay, Ontario
Model Type: Design-Build-Finance-Maintain
Project Team: Integrated Team Solutions
Contract cost (NPV): $247.7 million
Estimated VFM Savings: N/A
Workers on site: 225 at the peak of construction

Markham Stouffville/Toronto Grace Hospital
Toronto, Ontario

Model Type: Build-Finance
Project Team: Integrated Team Solutions
Contract cost (NPV): $200.4 million\
Estimated VFM Savings: N/A
Workers on site daily: 300 at the peak of construction

Mental Health Centre Penetanguishene
Penetanguishene, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Integrated Team Solutions
Contract Cost (NPV): N/A
Estimated VFM Savings: N/A
Workers on site: 300 workers at peak of construction

Windsor Essex Parkway
Windsor, Ontario
Model type: Design-Build-Finance-Maintain
Project Team: Windsor Essex Mobility Group
Contract Cost (NPV): $1.4 Billion
Estimated VFM Savings: N/A
Workers on site: 1200 – 1300 at the peak of construction

St. Joseph's Healthcare Hamilton, Centre for Mountain Health Services
Hamilton, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Plenary Health
Contract Cost (NPV): N/A
Estimated VFM Savings: N/A
Workers on site: 650 at the peak of construction

South West Detention Centre
Windsor, Ontario

Model Type: Design-Build-Finance-Maintain
Project Team: Forum Social Infrastructure
Contract Cost (NPV): N/A
Estimated VFM Savings: N/A
Workers on site: 150 at the peak of construction

St. Joseph's Regional Mental Health Care – London/St. Thomas
London and St. Thomas, Ontario

Model Type: Build-Finance
Model Type: Design-Build-Finance-Maintain
Project Team: Integrated Team Solutions
Contract Cost (NPV): $830.5 Million
Estimated VFM Savings: N/A
Workers on site: 200 workers at the peak of construction

AFP PROJECT ACTIVITY

Requests for Proposals Closed

Infrastructure Ontario's Nuclear Procurement Project
Clarington, Ontario

Model Type: 2-phase competitive procurement process

St. Thomas Consolidated Courthouse
St. Thomas, Ontario

Model Type: Design-Build-Finance-Maintain

Quinte Consolidated Courthouse
Belleville, Ontario

Model Type: Design-Build-Finance-Maintain

Halton Healthcare Services
Oakville, Ontario

Model Type: Design-Build-Finance-Maintain

Requests for Proposals Open

Humber River Regional Hospital
Toronto, Ontario

Model Type: Design-Build-Finance-Maintain

London Health Sciences Centre/St. Joseph's Health Care, London (Phase 3)
London, Ontario

Model Type: Build-Finance

Sheppard East Maintenance and Storage Facility
Toronto, Ontario

Model Type: Design-Build-Finance-Maintain

TO2015 Pan/ParaPan American Games Athletes Village
Toronto

Model Type: Design-Build-Finance

AFP PROJECT ACTIVITY

Requests for Qualifications Open

Air Rail Link Spur
Toronto
Model Type: Design-Build-Finance

Highway 407 East Extension
Pickering to Oshawa
Model Type: Design-Build-Finance-Maintain

TO2015 Pan/ParaPan American Games Aquatics Centre Field House and Canadian Sport Institute Ontario
Toronto
Model Type – Design-Build-Finance

TO2015 Pan/ParaPan American Games Stadia and Velodrome
Toronto
Model Type – Design-Build-Finance

Medication Management System

Model Type – IT Project

Pre-Tender

West Lincoln Memorial Hospital
Grimsby, Ontario

Model Type: Design-Build-Finance-Maintain

INFRASTRUCTURE ONTARIO LOAN PROGRAM ACTIVITY UPDATE

As of March 31, 2011 Infrastructure Ontario's (IO) Loan Program has approved more than $4.5 billion in loans for local infrastructure projects across Ontario - from the construction of roads, bridges, housing and long-term care homes to the acquisition and installation of capital assets like fire trucks, smart meters and solar panels.

Eligible sectors for the Loan Program include: municipalities, universities and affiliated colleges, non-profit long-term care, non-profit hospices, municipal corporations, non-profit professional arts training, local services boards and non-profit affordable, social- and supportive housing providers.

Meeting our Clients Needs

This past year, IO received applications for more than $1.3 billion and approved financing for $861 million to eligible public sector clients. Municipalities continue to be the most prominent sector for the Loan Program, making up 60 per cent of the value of applications for the year.

In 2009, the federal and provincial governments embarked on a strategy to help stimulate the economy by investing in infrastructure renewal over a two-year period. Programs targeting municipalities, housing, postsecondary education, energy and other sectors helped to fuel infrastructure development across Ontario. The injection of funds from both federal and provincial governments helped municipalities renew roads, bridges, water, wastewater and other aspects of infrastructure in Canada.

Throughout 2011, IO received loan applications from 76 municipalities to help them finance stimulus-related projects, or to assist them in financing other infrastructure projects.

While IO continued to focus a large amount of its outreach efforts in support of stimulus-related projects in the municipal sector, other sectors were also showing strong growth as clients of the Loan Program.

- The value of applications from non-profit long-term care providers has increased from $24.5 million in 2009-2010 to $141.4 million in 2010-2011.
- The housing sector has also experienced substantial growth, with applications totaling more than $244.3 million in 2010-2011, an increase of more than $57 million from the year previous.

In a time of difficult market conditions, IO seeks to improve and evolve the Loan Program to better serve its clients and help support the positive momentum of infrastructure renewal across Ontario.

Client Spotlight: CAMA Woodlands Long-term Care Home

In 2010, the Christian and Missionary Alliance (CAMA) partnered with Infrastructure Ontario to help finance the renovation and expansion of CAMA Woodlands, a long-term care facility located in the City of Burlington.

Scheduled for completion in early 2013, the renovation project includes the retrofitting of their existing 64 beds under the provinces "B" and "C" bed renewal program and the expansion of 70 new beds.

The completion of the project will to help to alleviate the long-term care wait list in the community and assist CAMA Woodlands in its continuing mission to provide high quality compassionate, holistic care to its residents.

For more information, please visit the CAMA Woodlands website at www.camawoodlands.ca

Lakeridge Health Corporation

Loan Results as at March 31, 2011:

- The total value of IO loans (approved and executed) at the end of 2010-2011 was $4.5 billion, of which a total of $3.7 billion had been advanced.
- There were 116 loan applications submitted in fiscal 2010-2011 with a value of $1.37 billion.
- Of the 116 applications submitted, 37 per cent were first-time clients.
- One in every five first-time applicants was an affordable, social or supportive housing provider.
- Since the inception of the Loan Program in 2003, 337 clients have submitted an application.

Annual Client Survey:

- IO achieved an approval rating of 93 per cent in the top two categories for the Loan Program on the Client Satisfaction Survey question relating to "understands customer needs and objectives".
- 97 per cent of current clients would recommend working with Infrastructure Ontario.
- Over three-quarters of all non-clients (76 per cent) are aware of the Loan Program.
- 37 per cent of respondents would consider an IO loan as a method for financing their "very next capital investment".

ORGANIZATIONAL OVERVIEW

Organizational Mandate and History

IO is a Crown corporation dedicated to managing some of the Province's larger and more complex infrastructure renewal projects and ensuring they are built on time and on budget, and to supporting infrastructure investment across the broader public sector.

Our work is guided by principles outlined in the Province's Building a Better Tomorrow framework, which ensures public ownership of core assets such as hospitals, schools, and water and wastewater facilities. Using an Alternative Financing and Procurement (AFP) model, IO leverages private financing and expertise to strategically rebuild and maintain vital infrastructure, on time and on budget. IO also provides Ontario municipalities, universities and other public sector bodies with access to affordable loans to build and renew local public infrastructure.

Immediately following the Government's announcement of the proposed merger, IO with the Ontario Realty Corporation began operating with a combined Board of Directors, one CEO and a single senior executive team to manage the transition. In the months leading up to the approval of the proposed merger, both agencies were directed to continue 'business as usual' as separate agencies.

Corporate Structure

As of March 31, 2011, IO was organized in seven functional areas.

- Project Delivery;
- Project Development;
- Shared Services;
- Infrastructure Lending;
- Risk Management and Finance;
- Human Resources and Information Technology; and
- Integration.

Project Delivery is responsible for managing the planning, design and delivery of major public infrastructure projects, supported by project communications, finance, legal and procurement services. The work ranges from managing procurement and negotia ting contracts with private sector consortia to project management from procurement through to construction completion.

Project Development is responsible for developing and planning potential AFP projects. Some of these projects may be contemplated as traditional projects, and others may be in the early planning stages by broader public sector entities. This group coordinates advisory services to municipalities, universities and other public bodies who are considering the possibility of delivering a project using an alternative and procurement approach.

Shared Services is responsible for providing project delivery and corporate services to the entire organization including project legal, project finance, communications and corporate relations, and program management.

Infrastructure Lending is responsible for IO's Loan Program, which provides Ontario municipalities, universities and other public sector entities with access to low cost loans to build and renew local public infrastructure, business development and customer relations.

Risk Management and Finance provides corporate services, including finance, treasury and legal services to the entire organization. The Risk Management and Finance division provide support for the recently implemented Enterprise Risk Management (ERM) framework, an integrated risk management approach overseen by the Chief Risk Officer.

Human Resources and Information Technology is responsible for developing the internal strength to meet IO's needs in information technology and personnel, including the development of staff programs. The division facilitates IO's ability to recruit and retain the talent needed, and enable productivity through technology.

Integration was created in early 2011 to manage the integration and transition of the proposed merger. The Integration Team, comprised of members of staff from both Infrastructure Ontario and the Ontario Realty Corporation, was tasked with documenting the differences in policies and procedures between the two agencies, the overlap in similar functions, as well as recommending restructuring opportunities to enhance operational processes and create savings.

Business Strategy

Legislation to enact the *Ontario Infrastructure and Lands Corporation Act, 2011* was proclaimed June 6, 2011, amalgamating the Ontario Infrastructure Projects Corporation, Ontario Realty Corporation and Stadium Corporation of Ontario Limited under the name Ontario Infrastructure and Lands Corporation. The Minister of Infrastructure indicated that the purpose of the merger was to rationalize the three similar operations and reduce redundant costs. The new single agency will be responsible for managing provincial infrastructure projects, providing low cost loans to various public sector clients, managing the province's real estate services and transactions, overseeing the government's accommodation needs, and maintaining government properties and assets, including land and buildings.

As a new entity, IO must continue to improve and adapt to ensure the excellent delivery of business results in order to achieve continued success in meeting annual objectives and targets. Several strategies are in place to do this.

- First, we will continue to strive for high performance volume in areas of project delivery, loan growth, land sales and building projects delivered.

- Second, as projects begin construction, we will ensure they are built on time, on budget and on scope. Only when projects are completed will our work be done.

- Third, we will pay keen attention to meeting our clients' expectations and we will continue to strive to improve our client service.

- Fourth, we will seek and support new opportunities to generate and maintain a healthy pipeline of projects for the market and develop new revenue generating activities to expand the agency's growth.

- Fifth, we will achieve the financial and business targets for the organization. Our success on the ground must be matched by the strength of our finances.

And finally, we will maintain our momentum by continuously improving and adapting our strategies and programs to overcome new challenges and support new government priorities.

CORPORATE GOVERNANCE

Immediately following the announcement of the Government's intention to merge Infrastructure Ontario with the Ontario Realty Corporation, the agencies began operating under a single cross appointed board of directors and one CEO who continued to provide strategic oversight within each separate agency.

Board of Directors

- ### Tony Ross

  Chair

  Tony Ross serves as the Chair of Infrastructure Ontario and Ontario Realty Corporation. Prior to this, Mr. Ross worked as a Business Consultant for RG Group where he advised, among others, Manulife Financial, the Government of Newfoundland, University of Toronto, York University, Hydro One and Telus.

  Before RG Group, Mr. Ross was Vice-Chairman of Merrill Lynch Canada, where he directed the activities of the Capital Markets group.

  Mr. Ross is the Chair of the OPSEU Pension Trust, the Vice-Chair of KP Autism Services and a member of the Investment Committee of Cystic Fibrosis Canada.

- ### Patrick J. Dillon

  Patrick J. Dillon is the Business Manager and Secretary Treasurer of the Provincial Building and Construction Trades Council of Ontario.

  He has held this position since January of 1997. He began his career in the construction industry as an apprentice electrician in 1961 and became a journeyman in 1966. Following 18 years of experience in the construction industry, he was elected Business Manager of Local 105 of the International Brotherhood of Electrical Workers (IBEW). In 1991, he was elected Executive Chairman of the IBEW Construction Council of Ontario.

  Mr. Dillon was appointed by the Government of Ontario to serve on the Workplace Safety and Insurance Board (WSIB), Infrastructure Ontario, the 2015 Toronto-Greater Golden Horseshoe Pan Am Games Committee, and recently the Appointments Council for the Ontario College of Trades.

  Appointed by the Federal Minister of Public Safety, Mr. Dillon also sits on the Advisory Board of Correctional Services Canada (CORCAN). He is also a member of the Toronto City Summit Alliance where he joins other civic leaders in addressing the City's issues and challenges moving forward. Mr. Dillon also sits on a number of construction industry boards, including those of the Ontario Construction Secretariat (OCS), the Construction Sector Council of Canada (CSCC), the Workers' Arts and Heritage Centre and the De Novo Treatment Centre.

  In his hometown of Hamilton, Mr. Dillon is an avid curler and golfer. He is married with two children and three grandchildren.

- ### Carol Gray

  Carol Gray is President of Equifax Canada. Her extensive background in the financial services industry has included General Manager, Strategic Planning; Senior Vice-President, Commercial Banking; and Executive Vice-President, Small Business Banking at CIBC. Ms. Gray has served on the Board of Directors for TBayTel, Women's Grace Hospital Foundation in Calgary, Mount Royal College Foundation, Canadian Youth Business Foundation and the Trillium Health Centre Foundation. Ms. Gray has an MBA from the Ivey School of Business, University of Western Ontario.

David Livingston

David Livingston is President and Chief Executive Officer of Infrastructure Ontario and Chief Executive Officer of Ontario Realty Corporation (ORC). He leads Infrastructure Ontario which is responsible for managing the renewal of Ontario's public infrastructure and ORC which is responsible for managing the Ontario government's real estate portfolio.

Mr. Livingston obtained his B.Sc from the University of Western Ontario in 1973 and his MBA from Queen's University in 1976. He and his wife have two grown children.

Mr. Livingston is a Director of Infrastructure Ontario, eHealth Ontario, Ovarian Cancer Canada and the Children's Aid Society of Toronto.

Gadi Mayman

As chief executive officer of the Ontario Financing Authority (OFA), Gadi Mayman is responsible for the Province's borrowing and debt management strategy, and its banking and capital markets relationships. He is also CEO of the Ontario Electricity Financial Corporation.

Prior to joining the Ontario Ministry of Finance, Mr. Mayman worked at the Export Development Corporation in Ottawa and in the International Division of the TD Bank. He received a B.A.Sc. in Industrial Engineering from the University of Toronto in 1981, and an M.B.A. from the University of Western Ontario in 1988.

Gadi Mayman is also a board member of the Ontario Capital Growth Corporation and Co-Chair of the Joint Nuclear Funds Investment Committee, a joint OFA and Ontario Power Generation Committee.

Isabel Meharry

Isabel Meharry is the Chief Financial Officer for Green Shield Canada which specializes in group and individual health and dental programs and administration.

A Chartered Accountant since 1980, Isabel has more than 25 years in senior financial and operating roles. Prior to joining Green Shield Canada, she held the position of President and Chief Executive Officer of Financial Executive International Canada. She has also served as the Executive Consultant to the Chairman and CEO of Sun Life Financial of Canada in Hong Kong, as an Executive Vice-President Operations of Aviva Insurance Company, as the Chief Financial Officer of the Insurance Corporation of British Columbia and as the Chief Auditor at North American Life Insurance Company (now part of Manulife).

Isabel is the Chair of the Board of Directors of Kerry's Place Autism Services, and on the Board of Directors of the Scarborough General Hospital, and serves on the Council of the Institute of Chartered Accountants.

Isabel holds an MBA from Schulich School of Business, is a Chartered Director and was recently awarded her FCA.

Linda Robinson

Linda Robinson is a retired partner of Osler, Hoskin & Harcourt LLP, a leading Canadian law firm, where she was a senior partner in the Corporate group and Chair of Osler's national business law department.

Linda Robinson has a long standing interest in infrastructure renewal with an MSc in Urban and Regional Planning Studies from the London School of Economics.

Linda has been a Member of the Board of Directors since February 21, 2007.

Anthony Salerno

Anthony Salerno currently serves as the President of Integrity Works, Inc., a consultancy firm focused on providing a variety of business services to the private and public sectors related to corporate governance, regulatory compliance and business ethics.

From 2000 until 2005, Mr. Salerno served as Managing Director of Global Investment Banking and Investment and Corporate Banking at BMO Nesbitt Burns. From 1995 to 2000, Mr. Salerno served as Chief Executive Officer and Vice-Chair of the Ontario Financing Authority, where he advised the Minister of Finance on many initiatives, including the restructuring of Ontario Hydro. Prior to that, he held many positions of increasing responsibility in the Ministry of Finance and the Ministry of Transportation, where he led the development and implementation of the original Highway 407 public-private partnership.

He has also served on a number of boards, including Cornerstone Capital, the Ontario Clean Water Agency and Superbuild Corporation.

Jim Schwindt

Jim Schwindt is a Professional Engineer who started his career at Traugott Construction Limited in 1973 as an estimator and project manager. He was then promoted to General Manager in 1978 and became President and controlling partner in 1982. He retained this position until his retirement at the end of 2005.

Throughout his career, Mr. Schwindt has served as the director and chairman of numerous associations, such as the Council of Ontario Construction Association, the Ontario General Contractors Association and the Grand Valley Construction Association.

Mr. Schwindt graduated from the University of Waterloo in 1973 with a Bachelor of Applied Science in Civil Engineering.

Darija Scott

Darija Scott is Managing Principal of SCOTT Associates Architects Inc., which she co-founded in 1987. The Toronto-based firm's current project and consulting work in the international area centres around public/private infrastructure projects. This field has become an area of specialization for Darija. She has worked around the world on several high profile transport privatization projects with a diverse group of clients including operators such as Lockheed and Hughes, contractors Bouygues and Skanska, as well as entities such as British Aerospace and Aeroports de Paris, and various airport authorities.

Her firm, SCOTT Associates, was the Design Architects for the original Terminal 3 at Toronto Pearson, and has had several recent major assignments at Pearson airport including the 120,000 m2 expansion and retrofit of Terminal 3 and the design of the new 13,200-vehicle Terminal 1 parking garage.

Darija runs the firm's Business Development divisions in both Canada and the United States.

John Swinden

John Swinden is a retired partner from Ernst & Young Toronto. In his 39-year career with the firm he practiced auditing and accounting in a number of areas that included audits of large construction companies, computer audit specialty services, micro computer audit practice support and forensic accounting. He also served as the chief financial officer for the Canadian practice. His final responsibilities were for risk management while living in London, UK where he served as the world-wide director of risk management for Ernst & Young International.

Mr. Swinden holds a B.Com. from University of Toronto and has been elected a Fellow of the Ontario Chartered Accountants Association. He is a Certified Fraud Examiner and holds a certificate in conflict resolution. He has been actively involved in professional and community activities over the years, including directorships at Young People's Theatre, Transparency International Canada and Toronto Summer Music Foundation. He is currently a director and audit committee chair of a private Ontario-based North American auto parts company, as well as director and vice-chairman of the board of Stevenson Memorial Hospital in Alliston.

Karen H. Weaver

Karen Weaver is the Executive Vice-President and Chief Financial Officer of First Capital Realty, a Canadian-based public real estate corporation. She has been the Senior Vice-President, Operations Services and Chief Financial Officer of Brookfield Commercial Properties, Canadian Operations. She also worked with KPMG in the United States in audit, consulting and professional development.

Karen Weaver graduated, Magna Cum Laude, from Old Dominion University in Virginia with a Bachelor's Degree in Business Administration, is a Certified Public Accountant and was awarded a Distinguished Alumni Award in 2002. She was also recognized in 2003 as one of the Top 100 Most Powerful Women in Canada. She has served on the Board of Directors and is currently a member of Toronto Corporate Real Estate Women (CREW).

Gail Kilgour

Gail Kilgour brings more than 25 years of experience in the financial services industry to the Board. She also currently serves on the Board of Directors for Brookfield Real Estate Services Inc. and is a member of the Audit and Governance Committees. In addition she is Vice-Chair of the Board of St. George's Golf and Country Club and Chair of the Governance Committee. Ms. Kilgour served seven years on the Board of Trustees for the University of Guelph and was Chair of the Audit Committee. As well, she has been the President and CEO of EDULINX Canada Corporation; Senior Vice-President, Government Sponsored Student Loans, Canadian Imperial Bank of Commerce and Senior Vice-President, e-Business Strategy, CIBC.com, CIBC. She has been an active fundraiser serving on the Capital Campaign Committee for York University and Wellesley Hospital and the Development Committee at Kingsway College School. Ms. Kilgour is also a graduate of the Institute of Corporate Directors.

Mitch Kowalski

Mitch Kowalski operates a boutique law practice specializing in real estate and project finance matters. Prior to opening his own firm, he was a partner in a large international law firm and a mid-sized downtown Toronto law firm, as well as being an in-house solicitor for the City of Toronto and Residential Product Director at First Canadian Title. He has written a legal text on commercial real estate financing as well as a number of legal and non-legal articles. He also speaks and teaches on real estate law. He received a Master of Arts in Political Science and a Bachelor of Laws from the University of Western Ontario, and an LL.M. from Osgoode Hall Law School. In addition to his legal practice, Mr. Kowalski is the Managing Director of Toronto Writers' Centre. He is a founding board member of Project Desert Roses, and currently sits as a Board Member of the Hong Kong Canada Business Association (Toronto Section). He has been Vice-Chair of the Hong Kong Canada Business Association (National); Secretary of the Hong Kong Canada Business Association (National); President/Chair of the Hong Kong Canada Business Association (Toronto Section); Past President of the Hong Kong Canada Business Association (Toronto Section); Board Member and Secretary of the Mon Sheong Charitable Foundation; Cathay Ball Co-Chair of the Mon Sheong Charitable Foundation; and Executive Committee Member of the Ontario Bar Association, Real Estate Section. Mr. Kowalski is also a graduate of the Institute of Corporate Directors.

Lawrence Kelly

Lawrence Kelly founded the law firm of Kelly Santini more than 30 years ago, practicing in corporate, real estate, venture capital, mergers & acquisitions and sports law. With more than 30 years of legal experience, Larry Kelly serves a large and diverse clientele, with a focus on business law and sports law. His in-depth understanding of topics such as debt and equity financing, mergers and acquisitions and corporate governance helps entrepreneurs, venture capital funds, financial institutions and businesses in technology, real estate and insurance accomplish their business objectives.

Larry's professional experience includes serving as a director of several companies and he is a former director and vice-president of Kelly Funeral Homes Limited. Larry is prominently involved in the representation of professional athletes and sports governing bodies. He is a certified agent with the National Hockey League Players' Association, has been an arbitrator with the Court of Arbitration for Sport, and served as an arbitrator for the International Chamber of Football Arbitration for the 2002 FIFA World Cup.

**Director Compensation

Each director who is not an employee of Infrastructure Ontario receives an annual retainer of $5,000. Directors are compensated for each meeting that they attend and receive a fee of $500 per meeting. Directors are also reimbursed for travel and other expenses they incur to attend meetings or to perform other duties in their role as a director.

Board Commitees

Audit Committee

The Audit Committee is responsible for overseeing Infrastructure Ontario's risk management and financial reporting. It reports to the Board of Directors, assisting it in discharging its oversight responsibilities relating to Infrastructure Ontario's risk exposures arising from its financial activities.

Credit and Risk Management Committee

The purpose of the Credit and Risk Management Committee is to ensure that Infrastructure Ontario adheres to the Credit Risk Policy and the Asset Liability Management Risk Policy approved by the Board of Directors, to recommend policies to the Board of Directors, and to monitor Infrastructure Ontario's risk profile.

Governance and Compensation Committee

The role of the Governance and Compensation Committee is to make recommendations to the Board of Directors with respect to the composition of the Board of Directors and its committees, and to promote a set of corporate governance principles aimed at fostering a healthy governance culture at Infrastructure Ontario. The Committee is also responsible for reviewing and recommending for approval the compensation of the Chief Executive Officer. In addition, they oversee Infrastructure Ontario's employee bonus pool and the overall Human Resources expense.

Windsor Essex Parkway rendering

Senior Executive

Immediately following the January 24, 2011, announcement of the Government's intention to merge Infrastructure Ontario with the Ontario Realty Corporation, the agencies began operating under a single CEO and senior executive team to manage the transition.

David Livingston
CHIEF EXECUTIVE OFFICER

David Livingston is President and Chief Executive Officer of Infrastructure Ontario and Chief Executive Officer of Ontario Realty Corporation (ORC). He leads Infrastructure Ontario which is responsible for managing the renewal of Ontario's public infrastructure and ORC which is responsible for managing the Ontario government's real estate portfolio.

Mr. Livingston obtained his B.Sc from the University of Western Ontario in 1973 and his MBA from Queen's University in 1976. He and his wife have two grown children.

Mr. Livingston is a Director of Infrastructure Ontario, eHealth Ontario, Ovarian Cancer Canada and the Children's Aid Society of Toronto.

Tony Day
CHIEF HUMAN RESOURCES AND INFORMATION TECHNOLOGY OFFICER

Tony has over 30 years of diverse senior experience in Human Resources and Information Technology working for both the private and public sector across three provinces. His early career focused on business process reengineering and the development of credit card, financial and cost accounting systems in the private sector (Consolidated Bathurst and a major bank), and later the development and implementation of several information systems, primarily human resources, at Siemens and the ministries of Transportation, Education and Cabinet Office.

Tony's human resources experience in the last ten years has focused on guiding organizations in defining their business plans and leading large scale restructuring and transformation. Most recently, he helped the Ministry of Labour meet some difficult challenges and reshaped how HR services were delivered.

The challenge of building an organization from a concept, and a desire to realize the results of what we do attracted Tony to Infrastructure Ontario. He would like to be known for having designed and staffed an organization that is built to last, and of which all employees are proud.

Antonio De Santiago
EXECUTIVE VICE-PRESIDENT INFRASTRUCTURE ONTARIO

As Infrastructure Ontario's Executive Vice-President of Project Delivery, Antonio oversees the strategy, planning and delivery of all assigned AFP projects, including social, civil and technology infrastructure.

Antonio comes to Infrastructure Ontario (IO) from 407 ETR, where he was President & CEO. He also brings extensive leadership experience in civil and construction projects involving public-private partnerships and multiple joint ownership models. He has held General Manager and Chief Executive Officer positions in high-profile international companies such as CINTRA, Construcciones Hogarsur and Agroman in Europe.

Antonio's strong collaborative management style and innovative strategic thinking are behind his proudest career achievements: he was a catalyst at 407 ETR in aligning the senior management team to achieve challenging operational and financial goals; building Ireland's Eurolink Motorway Operation Limited from ground level to a fully-operational business in just three years; and, closest to his heart, leading the complicated major renovation of Barcelona's signature soccer stadium in just four months.

Antonio is a Civil Engineer with an Executive MBA from IESE Business School of the University of Navarra, Spain. He joined IO because of our focus on delivery – bringing along his view of "the other side of the table," pragmatic decisiveness and a history with all types of stakeholders and levels of government.
Antonio's strong sense of family has shaped his approach to leading people. In addition to being an avid soccer fan, he has skied the Pyrenees as a child, and brings that zeal to our Canadian winter.

Steve Dyck
VICE-PRESIDENT COMMUNICATIONS AND CORPORATE DEVELOPMENT

Steve brings senior public affairs experience with some of the largest private and public sector organizations in Canada, including the Royal Bank of Canada and the Federal Government, to his role at Infrastructure Ontario.

Prior to joining IO, Steve was the Director of Communications Planning for the Premier of Ontario where he was responsible for communications plans and strategies for all Ontario Government announcements.

Previous to that, he was Chief of Staff for the Ontario Tourism Minister and Government House Leader, the Hon. Jim Bradley, where he developed and helped execute several key initiatives, including establishing the Ontario Wine Secretariat, and delivering the most successful domestic tourism television campaign in the province's history.

Steve has also made a real impact on the lives of Ontarians. He worked with the Ontario government to secure a locally run and operated ambulance service for the Niagara region and was also involved in federal government policy changes that resulted in a program that provides fiscal compensation and support to soldiers that lost limbs in international missions.

Steve believes IO represents the way of the future for dealing with infrastructure deficits, a problem faced by jurisdictions in Canada and around. In his role at Infrastructure Ontario, Steve develops communications strategies that effectively support our business priorities and grow our reputation to transform IO's vision into a reality.

Outside of work Steve volunteers with the United Way and is also a member of the Toronto Blues Society.

Vas Georgiou
SENIOR VICE-PRESIDENT PROJECT DELIVERY

In his role as Senior Vice-President, Project Delivery, Vas is responsible for the strategic planning, development, financing and procurement of major public infrastructure projects. Vas joined IO in January 2006 shortly after the Corporation was formed to manage the delivery of healthcare projects that were assigned by the Government. Over the past three years, his portfolio expanded to include new social, technology, nuclear, and most recently, Pan Am Games infrastructure projects.

Vas has extensive leadership experience as a senior executive in large complex organizations, in both the public and private sectors, and brings over 22 years of experience in the development and operation of major social infrastructure facilities. He has held numerous senior management positions in the healthcare and hospitality industries, including the Metro Toronto Convention Centre, Toronto East General Hospital and St. Joseph's Health Centre in Toronto.

Prior to joining IO, Vas was the Executive Vice-President, Operations, Clinical and Support Services at St. Joseph's Health Centre in Toronto, where he also served as the Interim President and CEO for an extended period. His experience as the COO and CEO at St. Joseph's provided an opportunity to further develop his leadership and governance role with accountability to the organization, the community and the government.

Vas' educational background is in project development, architecture and building sciences. Early in his career, he applied his technical knowledge and expertise as the Project Director to successfully lead the major developments of Markham Stouffville Hospital, Hospital for Sick Children, and Guelph General Hospital.

David H. Glass
CHIEF OPERATING OFFICER

David Glass was appointed Chief Operating Officer in January, 2011. He previously served as President and Chief Executive Officer of Ontario Realty Corporation from 2006 to 2011. He began his career with Johnson Controls Ltd. after studying mechanical engineering, and was appointed President and CEO of Brookfield LePage Johnson Controls (BLJC) in 1998.

David Glass has distinguished himself as a leader that engages all stakeholders in partnership to establish the highest calibre of customer service, professional capability and long-term value. He has created high performing teams, with a focus on the development of people. Throughout his career in real estate, he has remained a presence in the industry including chairing the National Summit on Real Estate and regular speaking engagements for BOMA, The Real Estate Forum and the Canadian Council for Public and Private Partnerships. In addition, Dave has been a member of the Corporate Advisory Board for The Hospital for Sick Children Foundation.

Mathew Kattapuram
SENIOR VICE-PRESIDENT PROJECT DELIVERY

Mathew brings over 25 years experience in Heavy, Industrial, Commercial, and Institutional construction to Infrastructure Ontario (IO). Before joining IO, Mathew was Vice-President of Infrastructure Development at Carillion Canada. While in this role, he became well-acquainted with the Alternative Financing and Procurement (AFP) model, and led several multi-billion dollar AFP projects in the health care sector, including the Royal Ottawa, North Bay, Sault Area, Woodstock, Niagara and Bridgepoint Hospitals. With Carillion, Mathew played an integral role in the development of Carillion's strategy for expanding its AFP project delivery and was responsible for identifying appropriate bidding opportunities, establishing bidding strategies, assessing risks, assembling consortia and bid teams, and leading negotiations.

As part of his extensive experience in the construction of major civil infrastructure projects, notably the Coquihalla Highway, and the Canadian Pacific railway (Roger's Pass) in BC, Mathew was in leadership positions for one of the proponents bidding for the $3B Highway 407, Canada's first transportation Public-Private Partnership project.

Mathew's mandate at IO is to establish a Civil Delivery team that is responsible for the delivery of AFP projects in Highways, Railway and Bus Rapid Transit sectors. In his role as the Senior Vice-President, Mathew is in charge of providing strategic direction, as well as fostering a corporate culture that promotes integrity and respect, enabling the Civil Division to attract, retain and motivate a diverse group of talented employees.

Additionally, he is responsible for ensuring effective communication and relationships with IO's stakeholders. Currently, Mathew's group is leading the two major highway AFP Projects each worth $1B: Windsor-Essex Parkway and Highway 407East and several transit projects that will be rolled out over the next several years.

Mathew is a member of the Association of Professional Engineers of Ontario. He received his B. Sc. Civil Engineering degree from the University of Calgary and has completed an executive management program at Ashton University in Birmingham, U.K.

Mathew joined IO to be at the forefront of AFP Delivery. In particular, he is working to fulfill IO's mantra of on time and on budget as IO expands into roads and transit projects.

Hubert Labelle
SENIOR VICE-PRESIDENT, PORTFOLIO MANAGEMENT

Hubert Labelle continues as SVP, Portfolio Management and is responsible for regional property management, operations and land management, and leasing and lease administration.

Hubert is a real estate professional with more than 25 years of experience in both the private and public sectors, including the provincial and federal governments. Prior to his appointment, Hubert served as one of the original Account Executives as ORC aligned its service delivery model to customer ministries, managing the complex portfolio requirements of the Ministries of the Attorney General, Community Safety and Correctional Services, and Natural Resources.

Joining the Ontario government's real estate management arm in 1990, Mr. Labelle was ORC Vice-President of Facilities Services – Northern Region from 1997 until 2004, managing the activities of 50 regional staff, assisting with the formulation and delivery of the capital repair program and maintained regional relationships with other Ministries and the northern municipalities.

Dale Lawr
CHIEF FINANCIAL OFFICER

Dale joins IO from Altus Group where she served as Chief Financial Officer from the time of its IPO in 2005 until Altus' fifth anniversary in 2010, at which time she transitioned to EVP Finance, Strategic Initiatives, responsible for Altus' corporate restructuring from an income trust to a traditional corporate structure among other projects.
Previously, Dale lived in Chicago, where she served as CFO of RTC Industries Inc., a retail design firm; VP Finance of Frankel + Co., a national marketing services agency and a business unit of Publicis S.A.; and Accenture, where she was a Senior Manager and Director of Finance in the Chicago and Toronto offices. Dale began her career in Toronto at Ernst & Young, progressing to senior manager before joining Grant Thornton, where she became partner.

Dale is a Chartered Accountant and a Certified Professional Accountant (Illinois). She holds a Masters of Business Administration from Rotman School of Management, University of Toronto, and a Bachelor of Mathematics from the University of Waterloo.

Dale is an active supporter of the arts, having been on the Board of Directors of several arts organizations, currently on the Board of Directors of Toronto Operetta Theatre. Dale also enjoys travel that involves exploring interesting places.

Andrew Lin
CHIEF INTEGRATION OFFICER

As Head of Special Initiatives, Andrew leads projects that seek to optimize the financial structure of certain government-owned infrastructure assets through the participation of private sector investors. By partnering with the private sector in a collaborative governance of provincially-owned enterprises, the citizens of Ontario benefit from the management expertise and discipline brought by its private partners, while still enjoying the economic benefits of continual asset ownership.

Andrew recently joined Infrastructure Ontario (IO) after nine years with Borealis Infrastructure, the infrastructure private equity arm of OMERS (Ontario Municipal Employees Retirement System). As Senior Vice-President at Borealis, Andrew was primarily responsible for leading and managing project deal teams in the acquisition of direct infrastructure investments. Andrew has transactional and asset management experience with infrastructure assets across multiple sectors such energy, transportation, regulated utilities and public-private partnerships. With his debt and derivative hedging background, he also led several of the assets' debt financings and in the bank and capital markets.

Prior to Borealis, Andrew served as an investment banker in the Structured Finance Group of Scotia Capital for nearly five years. At the bank, he worked on structured financing solutions, such as securitizations and sale-leaseback financings for corporate and public sector clients. Andrew was also a fixed income portfolio manager and quantitative analyst with Sun Life Investment Management.

Andrew has an Honours Bachelor in Applied Science degree in Systems Design Engineering from the University of Waterloo, as well as an MBA from York University. He is a licensed engineer with the Professional Engineers of Ontario. He also holds a Chartered Financial Analyst designation from the CFA Institute.

What attracted Andrew to IO was the opportunity to apply his long experience in financial and investment matters in a government agency and the chance to get in on the ground floor of exciting projects. During his time at IO, he would like to be recognized for successfully completing transactions that were considered challenging and have a meaningful, positive financial impact on the Province's citizens.

John McKendrick
SENIOR VICE-PRESIDENT PROJECT DELIVERY

As the Senior Vice-President, Project Delivery, John is responsible for the strategic planning, development, financing and procurement of major public infrastructure projects. His portfolio includes hospitals, courthouses, a data centre, Pan Am Games' infrastructure projects, and the MTO Highway Services Centres. Since fall 2005, John and his colleagues have brought more than three dozen projects worth more than $16B to market.
John came to IO with over 17 years of experience in the Provincial government. During that time, he gained expertise in finance and infrastructure project development and delivery. Before joining IO, he was an Assistant Deputy Minister in the Ministry of Public Infrastructure Renewal (now the Ministry of Infrastructure).

John had also served as the Director of the Corporate Finance Branch at the Ontario Financing Authority. During that time, John was involved in the financing of a number of infrastructure projects across various sectors, including asset-based and other financing structures.

Bill Ralph
CHIEF RISK OFFICER

With over 25 years of financial and managerial experience with the Government of Ontario, Bill is a proven leader in shaping the way that infrastructure projects are financed and delivered in Ontario. He established the Ontario Strategic Infrastructure Financing Authority (OSIFA) - an innovative, affordable and efficient public infrastructure loan program and the first of its kind in Canada. Prior to OSIFA, Bill led the development of Ontario's Infrastructure Planning, Finance and Procurement Framework as well as a number of high-profile projects for the Ministry of Finance.

In his current position at IO, Bill continues to play a pivotal role in developing the future of infrastructure investments in Ontario. This includes contributing to the adoption of the Building a Better Tomorrow framework across the broader public sector, while raising the level of effective delivery of infrastructure investments through the delivery of the over $3B Infrastructure Ontario Loan Program.

As Chief Risk Officer, Bill is responsible for providing financial and strategic advice and support to senior management, the CEO and the Board, and for corporate oversight and reporting to the Board on the overall risk exposure of the organization. In addition, Bill is responsible for the corporate functions of Corporate Relations, Finance, Legal, and Treasury and Risk Management.

Bill has an Honours BA in Economics from Queen's University and an MBA from York University. He and his wife Lezlie have three children – two boys and one girl.

Lori Robinson
SENIOR VICE-PRESIDENT, STRATEGIC ASSET MANAGEMENT

Lori Robinson continues to serve as Senior Vice President, Strategic Asset Management. She is responsible for asset management and prudent long term capital investment in the government's real estate portfolio.

Prior to her appointment in 2007, Lori held various senior management positions within ORC, building strong high performance teams to deliver real estate and accommodation planning through to asset management. She brings more than 25 years of private sector real estate experience from various disciplines, including service provider, corporate real estate and the real estate investment trust industry.

Mrs. Robinson joined ORC in 1999, bringing more than 25 years of private sector real estate experience from various disciplines, including service provider, corporate real estate and the real estate investment trust industry. She maintains her presence in the industry through her membership in CoreNet and the Toronto Commercial Real Estate Women (TCREW), and is a Past Chair and current member of the National Executive Forum on Public Property.

Toni Rossi
EXECUTIVE VICE-PRESIDENT, ASSET MANAGEMENT, ONTARIO REALTY CORPORATION

Toni Rossi was appointed Executive Vice President, Asset Management, Ontario Realty Corporation in January, 2011. Toni previously served as Senior Vice-President, Development and Project Services at ORC. A multi-disciplined commercial real estate professional, Toni is responsible for ORC service delivery to clients including portfolio asset management, project services and professional services.

With more than 20 years experience at two of Canada's largest real estate companies, Cadillac Fairview and Oxford Properties Group, Toni has held numerous progressive positions in retail and office property management and development, corporate business reengineering, national marketing and national property operations.

Over the years, Toni has and continues to serve the community on many industry, sport and philanthropic Boards and committees including Chair of the Board for Habitat for Humanity Toronto (2008 to 2010) and TorontoCREW. Ms. Rossi holds an Honours Bachelor of Physical and Health Education from the University of Toronto and is a devoted wife and mother to her 3 children.

George Stewart
EXECUTIVE VICE-PRESIDENT, ASSET PLANNING, ONTARIO REALTY CORPORATION

George comes to ORC from IO where he was Senior Vice President, Project Development. In his new role, George is responsible for property development including strategic asset management, sales and acquisitions, and ORC's account teams.

George has over 25 years of diverse experience developing commercial real estate across Canada and held senior development roles with some of Canada's largest developers such as Oxford Properties Group, Borealis Real Estate, Morguard Investments and Cambridge Shopping Centres.

In addition to his role at IO, George also conducts pro bono communication skills seminars for university student groups based on his corporate workshop, "The Essence of Communication is Connection." The purpose of this work is to provide students with the skills necessary to gain entry to and excel in the corporate environment.

Mary Lowe
CHIEF LENDING AND MARKETING OFFICER

As Chief Lending and Marketing Officer, Mary Lowe is responsible for growing IO's project delivery and lending businesses. Mary has over 15 years of experience managing teams and projects with significant budgets to deliver high quality results in a range of sectors. With a background in strategic communications, she has provided counsel to Boards of Directors, CEOs, CFOs, government Ministers and Deputy Ministers.

Mary has recently rejoined IO after serving as Chief of Staff to the Minister of Health and Long-Term Care. Prior to this, she was one of the first staff at IO and held two executive roles: Vice-President, IT Project Delivery and Vice-President, Communications and Corporate Relations.

**Public Sector Salary Disclosure

IO is subject to the *Public Sector Salary Disclosure Act* and is obligated to report salaries over $100,000. For purposes of applying the Act, salaries include bonuses and taxable benefits actually received during the year as reported for personal income tax purposes.

INFRASTRUCTURE ONTARIO'S ACCOUNTABILITY FRAMEWORK

Our Vision

The "go-to" group for making Ontario public infrastructure projects happen.

Our Mission

We use the best of public and private-sector expertise to expand and renew public assets. We deliver public infrastructure projects on time and on budget using best practices recognized worldwide. We provide affordable rates of financing and project management expertise to a diverse public sector customer base. In short, Infrastructure Ontario makes public infrastructure projects happen.

Success Factors

This is how each of our Success Factors is defined at Infrastructure Ontario:

Public/Customer Focus

- Make customers aware that their needs are our priority
- Understand the customer's objectives and earn their respect
- Demonstrate to our customers that their success is our success

Collaborative Effort

- Facilitate a partnering approach by establishing common goals and objectives
- Develop flexible work plans that address customer needs
- Develop an integrated organization that excels in sharing knowledge and resolving problems

Expert Team

- Our team has extensive skills and industry-proven experience
- Our team works effectively with all stakeholders
- Our team is motivated and passionate about what we do

Excellent Results

- Define success, deliver value
- Deliver what we committed on time, on budget, on scope
- Manage and mitigate project risk

Continuous Improvement

- Source and apply best practices, creating centres of expertise
- Continuously identify lessons learned and preferred solutions
- Invest in staff training, systems and technology to foster organizational development

Our Culture

In general terms of behaviour, this is how each of the values that comprise our culture is defined at Infrastructure Ontario:

Respectful

- We treat each other, our partners and customers with dignity and openness
- We recognize different skills and the expertise of each team member and learn from each other
- We share the fundamental belief that there is a reason to respect everyone and their views

Resourceful

- We share information, communicate status and results, and transfer knowledge
- We go the extra mile to get the job done
- We use the best tools available and draw on the expertise, creativity and knowledge of the team

Results-Focused

- We are accountable-no excuses
- We develop effective solutions-we get it done
- We use 'and' thinking-we turn obstacles into opportunities

MANANGEMENT DISCUSSION AND ANALYSIS

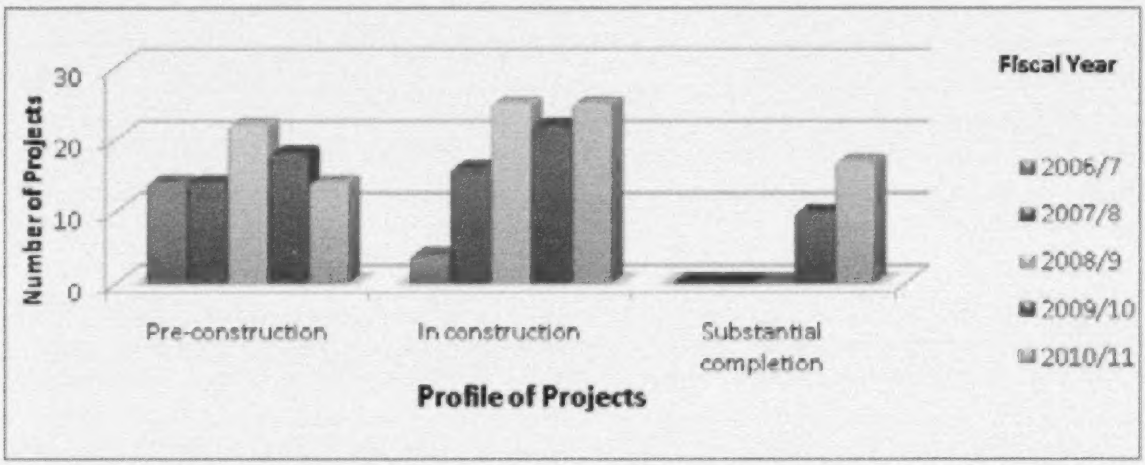
Overview

Infrastructure Ontario is a Crown corporation owned by the Province of Ontario and governed by a Board of Directors. Infrastructure Ontario is dedicated to managing some of the Province's larger and more complex infrastructure renewal projects, ensuring they are built on time and on budget. Infrastructure Ontario also provides Ontario municipalities, universities and other public sector entities with access to low-cost loans to build and renew local public infrastructure.

This Management Discussion and Analysis (MD&A) is intended to provide an overview of Infrastructure Ontario's financial activities for the year ended March 31, 2011 (fiscal 2010/11) and should be read in conjunction with the audited financial statements for the year ended March 31, 2011 and related notes.

Results of Operations and Financial Highlights

Project Delivery Program



Revenue

Project delivery revenue for the year ended March 31 2011 was $99 million, an increase of 61% from $61.5 million the prior year. The increase is attributable to the number of projects that are in the construction phase and the higher number of large projects.

Project revenue includes fees for project management and transaction costs in addition to revenue from the recovery of ancillary costs and post contract contingency costs. Revenue recognition is based on the type of revenue, fee or cost recovery, and project phase.

The project management fee is typically a fixed percentage of the costs of a project. Infrastructure Ontario recognizes project revenue and related expenses using the percentage of completion method during construction: costs are expensed and project revenue is recognized based on the percentage of actual costs over total projected costs. This revenue recognition method enables Infrastructure Ontario to evaluate the sufficiency of its fee structure and adjust fees on future projects, to ensure a breakeven approach to cost recovery.

The transaction fee is a fixed fee based on the project budget for transaction costs. Infrastructure Ontario recognizes revenue and costs once the project reaches the construction phase.

Ancillary costs and post contract contingency costs are recorded in revenue as they are incurred on a cost recovery basis.

Expenses

Project delivery expenses increased 26% to $74.3 million in fiscal 2010/11 from $59.0 million the prior year. The increase in expenses is primarily due to an increase in project advisory costs related to more complex civil projects which require more technical consultants. The increase in salary costs can be attributed to an increase in headcount to support the increased number of projects.

Statement of Financial Position

Project costs incurred during the pre-construction phase including the procurement phase, are recorded as work in progress under 'Deferred Project Costs'. Deferred Project Costs decreased 1% in fiscal 2010/11 to $25.7 million at year end.

IO may recover project costs in advance of incurring the expense at the request of various clients. These amounts are reported as 'Deferred Revenue' and will be recognized into revenue based on the revenue recognition policy. Deferred Revenue increased 54% in fiscal 2010/11 to $12.7 million at year end.

Infrastructure Ontario recovered all project costs related to the projects that reached substantial completion.

Accounts receivable increased to $66.2 million at March 31, 2011 from $35.4 million at March 31, 2010. The increase can be attributed to a refund of HST, the 2010/11 operating grant from MOI and an amount receivable from MOI for project work on the site of the Athletes Village for the Toronto 2015 Pan/Parapan American Games. Accounts receivable for AFP projects under construction have remained relatively constant from the prior year.

The introduction of HST in the Province of Ontario in July 2010 requires the Province and its agencies to pay HST on goods and services and file a refund claim. Previously, Infrastructure Ontario was GST exempt and suppliers of goods and services did not charge Infrastructure Ontario GST. HST impacts cash flow only.

Projects Receivable increased 40% to $94.8 million at March 31, 2011 primarily due to the increase in number and size of projects in construction. Certain project recoveries, such as interest costs to finance receivables and the Infrastructure Ontario fee, are invoiced at substantial completion of the project.

As of March 31, 2011, the outstanding balance on the OFA revolving credit facility was $123 million, an increase from $100 million at March 31, 2010. The OFA revolving credit facility funds the cash flow requirements of the AFP program.

Loan Program

Revenue

Loan program revenue for the year ended March 31, 2011 was $113 million, an increase of 53% from $73.7 million the prior year.

Revenue from loan interest increased by 79%, to $82.1, million from $45.8 million in 2009/10. This is due to higher loan volumes, including a full year of interest on loans issued in 2009/10, and increased short term interest rates.

Investment interest increased 72% to $18.7 million from $10.9 million in 2009/10 due to improved yields, primarily short term interest rates.

Expenses

Loan program expenses for the year ended March 31, 2011 were $108.8 million, an increase of 48.5% from $73.2 million the prior year.

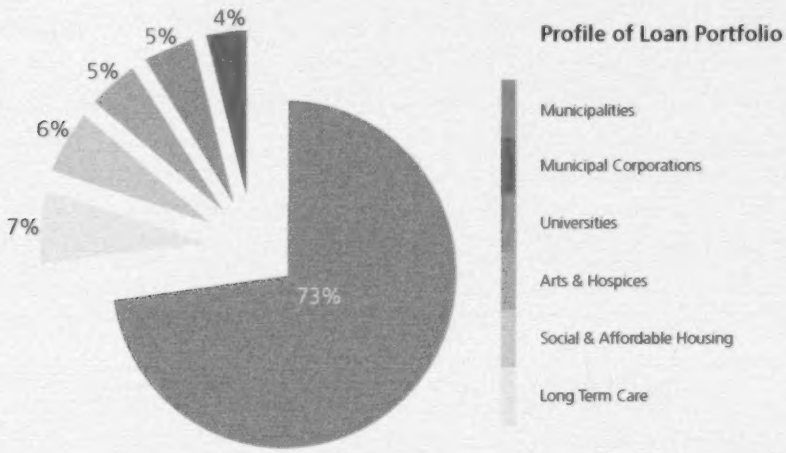
Interest expense on the loan program debt increased by 58%, to $100.5 million, from $63.6 million the prior year. The reduction in the loan from the Province of Ontario, discussed in the following section headed "Restructuring Costs", resulted in a

reduction of interest expense of approximately $1.5 million.
IO's concessionary loan program ended in fiscal 2009/10. The concession expense related to loans issued at a subsidized rate were $nil in 20010/11 compared to $3 million in 2009/10.

Statement of Financial Position

The Loan Program has funded more than $3.7 billion in financing for infrastructure projects since its inception. At March 31, 2011, commitments approved but unfunded approximated $900 million. Loans approximating $500 million have been repaid.

During the fiscal year, loans receivable increased by $749.4 million, 34%, to $2.97 billion from $2.22 billion at March 31, 2010. The following chart shows the allocation of the loan portfolio among borrowers.



To fund the increase in loans, Infrastructure Ontario has:
- Expanded its short term commercial paper program and increased borrowings by $69.3 million, to $739.1 million at March 31, 2011;
- Issued additional bonds to the Province of Ontario for proceeds of $700 million, for a balance of $1.05 billion at March 31, 2011;
- Borrowed $31.1 million from the Ontario Immigrant Investor Corporation, a new funding source in fiscal 2010/11.

Loan Portfolio Valuation Allowance

In 2010/11 Infrastructure Ontario deemed it prudent to establish a loan portfolio valuation allowance. The loan portfolio valuation allowance is maintained at a level that Infrastructure Ontario considers adequate to absorb valuation adjustments and losses on loans. The balance at March 31, 2011 is $2.2 million, expensed in the current year.

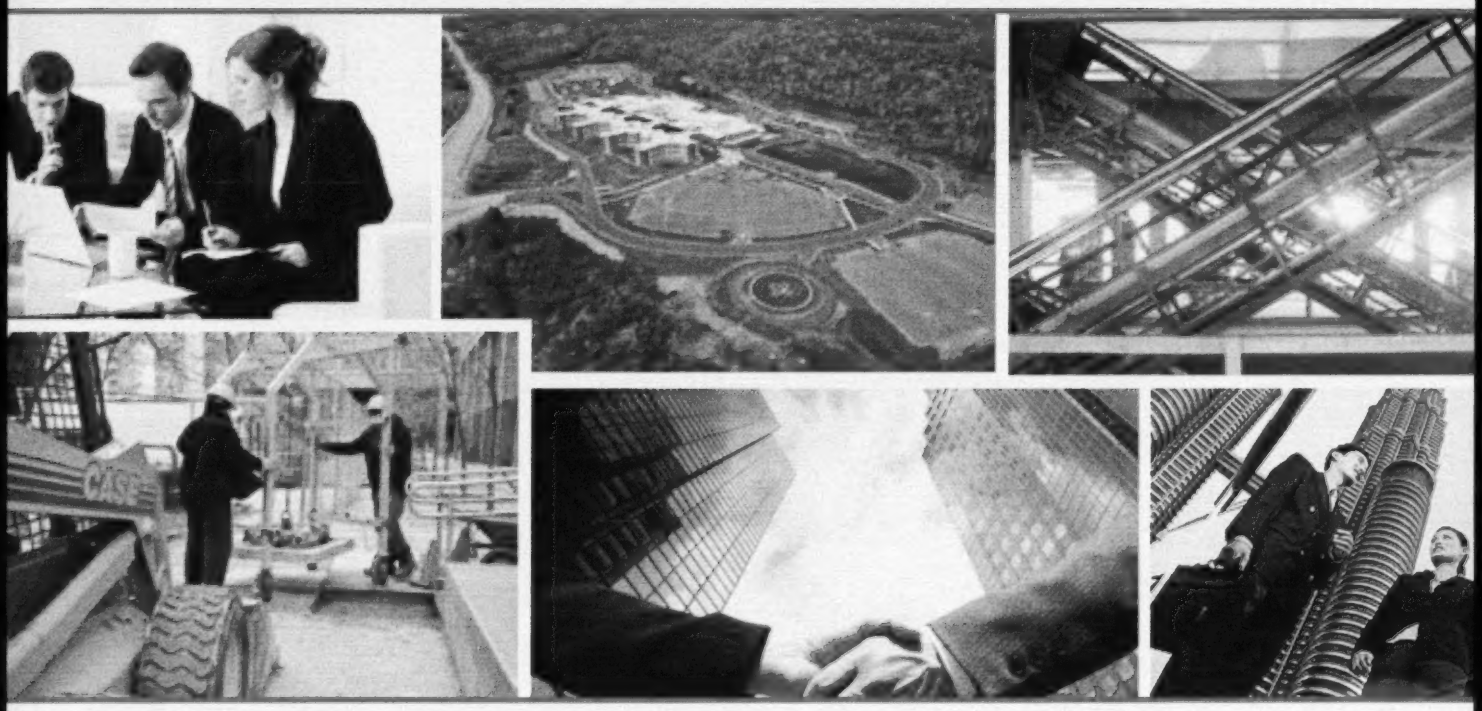
The valuation allowance consists of a general allowance which is reviewed on a regular basis. The valuation allowance is established against the loan portfolio where prudent assessment by Infrastructure Ontario of existing economic, industry and portfolio conditions indicate that valuation may be impaired or losses occur. The valuation allowance is underpinned by a risk rating process in which risk ratings are assigned at the time of loan origination, monitored on an ongoing basis, and adjusted to reflect changes in underlying credit risk. A number of factors are considered when determining the appropriate level of the valuation allowance, including sensitivity to risk ratings, industry sectors, portfolio quality, business mix, and economic and credit market conditions.

Loan Remission

During the year, Infrastructure Ontario was granted a remission of $200.3 million on the loan from the Province of Ontario, reducing the Province of Ontario loan from $1 billion to $799.7 million. This is reported in the financial statements as revenue.

Restructuring Costs

Legislation to enact the Ontario Infrastructure and Lands Corporation Act, 2011 was proclaimed June 6, 2011 amalgamating the Ontario Infrastructure Projects Corporation, Ontario Realty Corporation and Stadium Corporation of Ontario Limited under the name Ontario Infrastructure and Lands Corporation. The Minister of Infrastructure indicated that the purpose of the merger was to rationalize the three similar operations and reduce redundant costs. Infrastructure Ontario has accrued restructuring costs of $1.37 million, including an accrual for severance of $0.67 million and a write-off of leasehold improvements of $0.7 million.



Financial Statements

For the Year Ended March 31, 2011

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Infrastructure Ontario have been prepared in accordance with accounting principles for governments recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) and, where applicable, the recommendations of the Accounting Standards Board (AcSB) of the CICA and are the responsibility of management.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors oversees management's responsibilities for financial reporting through the Audit Committee. The Audit Committee reviews the financial statements and recommends them to the Board for approval.

The financial statements have been audited by BDO LLP. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditor's report outlines the scope of the Auditor's examination and opinion.

On behalf of management,

J. David Livingston
President and Chief Executive Officer

Dale M. Lawr
Chief Financial Officer

BDO

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1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

Independent Auditor's Report

To the Directors of
Ontario Infrastructure Projects Corporation

We have audited the accompanying financial statements of Ontario Infrastructure Projects Corporation, which comprise the statement of financial position as at March 31, 2011, and the statements of operations and accumulated surplus (deficit), statement of changes in net financial assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Infrastructure Projects Corporation as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matters
The financial statements as at March 31, 2010 and for the year then ended, were audited by other auditors who expressed an opinion without reservation on those statements in their report dated June 8, 2010.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario
June 16, 2011

STATEMENT OF FINANCIAL POSITION

For the year ended March 31, 2011

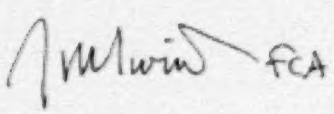
(in thousands of dollars)

	2011	2010 Reclassified Note 22
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	$ 791,445	$ 710,882
Accounts receivable and prepaid expense (Note 4)	66,229	35,422
Interest receivable	37,304	21,422
Loans receivables (Note 5)	2,966,816	2,217,442
Project receivables (Note 6)	94,783	67,900
Long -term investments (Note 7)	212,537	246,375
	4,169,114	3,299,443
LIABILITIES		
Accounts payable and accrued liabilities	21,150	11,191
Interest payable	36,014	26,790
Deferred revenue	12,744	8,299
Commercial paper (Note 8)	739,114	669,804
Debt (Note 9)	3,365,307	2,813,440
	4,174,329	3,529,524
NET FINANCIAL ASSETS (DEBT)	(5,215)	(230,081)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	2,869	4,336
Deferred project costs (Note 11)	25,676	25,805
Deferred costs on hedging	8,484	3,958
	37,029	34,099
ACCUMULATED SURPLUS (DEFICIT)	$ 31,814	$ (195,982)
Contingencies (Note 17)		
Contingencies (Note 18)		

See accompanying notes

Approved on behalf of the Board:

Director:

Director: 

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)

For the year ended March 31, 2011

(in thousands of dollars)

	2011	2010 Reclassified Note 22
PROJECT DELIVERY REVENUE		
Project revenue	$ 94,294	$ 56,441
Grant from Ministry of Infrastructure	4,739	5,130
	99,033	61,571
PROJECT DELIVERY EXPENSE		
OFA revolving credit facility interest	3,032	3,625
Project advisory costs	44,290	33,177
Salaries and benefits	18,553	16,175
Administration and general	8,439	6,063
	74,314	59,040
PROJECT DELIVERY SURPLUS	24,719	2,531
LOAN PROGRAM REVENUE		
Investment interest	18,681	10,862
Loan interest	82,058	45,786
Amortization deferred concession costs (Note 5)	11,689	12,218
Grant from Ministry of Infrastructure	527	4,785
	112,955	73,651
LOAN PROGRAM EXPENSE		
Interest expense (Note 12)	100,529	63,617
Concession costs	-	3,009
Loan valuation expense (Note 5)	2,190	-
Salaries and benefits	3,061	3,336
Administration and general	3,047	3,313
	108,827	73,275
LOAN PROGRAM SURPLUS	4,128	376
PROGRAM REVENUES	211,988	135,222
PROGRAM EXPENSES	183,141	132,315
	28,847	2,907
RESTRUCTURING (Note 13)		
Loan remission revenue	200,319	-
Corporate restructuring expenses	(1,370)	-
	198,949	-
ANNUAL SURPLUS	227,796	2,907
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(195,982)	(198,889)
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	$ 31,814	$ (195,982)

See accompanying notes

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

For the year ended March 31, 2011

(in thousands of dollars)

	2011	2010 Reclassified Note 22
ANNUAL SURPLUS	$ 227,796	$ 2,907
(Acquisition) / disposal of tangible capital assets	650	(897)
Amortization of tangible capital assets	817	1,115
	1,467	218
Net deferred project and hedging costs	(4,397)	(5,620)
NET CHANGE IN NET FINANCIAL ASSETS (DEBT)	224,866	(2,495)
NET FINANCIAL ASSETS (DEBT) AT BEGINNING OF YEAR	(230,081)	(227,586)
NET FINANCIAL ASSETS (DEBT) AT END OF YEAR	$ (5,215)	$ (230,081)

See accompanying notes

STATEMENT OF CASH FLOWS

For the year ended March 31, 2011

(in thousands of dollars)

	2011	2010 Reclassified Note 22
OPERATING TRANSACTIONS		
Net Surplus	$ 227,796	$ 2,907
Items not requiring a current cash outlay:		
Loan remission revenue	(200,319)	-
Concession costs	-	3,009
Amortization of deferred concession costs	(11,689)	(12,218)
Other amortization	1,128	10,374
	16,916	(16,676)
Changes in non-cash working capital items:		
Increase in accounts and interest receivables and prepaid expenses	(46,689)	(9,966)
Increase (decrease) in accounts and interest payables	23,628	(2,001)
Decrease (increase) in project receivables and deferred project costs	(26,754)	6,571
CASH PROVIDED BY OPERATING TRANSACTIONS	(32,899)	(22,072)
INVESTING TRANSACTIONS		
Net increase in loans receivables	(737,684)	(574,895)
Disposal (acquisition) of tangible capital assets	650	(897)
CASH PROVIDED BY INVESTING TRANSACTIONS	(737,034)	(575,792)
FINANCING TRANSACTIONS		
Net debt issued	816,658	576,732
Net change in long term investments	33,838	(43,370)
CASH PROVIDED BY FINANCING TRANSACTIONS	850,496	533,362
NET(DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	80,563	(64,502)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	710,882	775,384
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 791,445	$ 710,882

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2011

(in thousands of dollars)

BACKGROUND

On November 7, 2005, the government established the Ontario Infrastructure Projects Corporation (Infrastructure Ontario) to implement Ontario's major infrastructure projects using alternative financing and procurement (AFP) methods.

On July 17, 2006 pursuant to the Ontario Infrastructure Projects Corporation Act, 2006 ("OIPC Act") Infrastructure Ontario and the Ontario Strategic Infrastructure Financing Authority (OSIFA) were amalgamated and continued as a corporation without share capital under the name of Ontario Infrastructure Projects Corporation.

Infrastructure Ontario is a Crown agency and reports to the Minister of Infrastructure. Pursuant to the OIPC Act, the objects of Infrastructure Ontario include the following:

- To provide financing for municipalities, universities and other public bodies in the Province of Ontario as may be specified by regulation.
- To obtain funding to finance its activities.
- To provide on a cost effective and timely manner, project and contract management of large complex infrastructure projects in the province of Ontario assigned to the corporation by the Minister.
- Where requested by the Minister, provide financial and execution advice in respect of assets or interests of the Government and implement or assist in the implementation of transactions in respect of such assets or interests.
- To undertake any additional objects as directed by the Lieutenant Governor in Council.

As a Crown corporation, Infrastructure Ontario is exempt from federal and provincial income taxes under paragraph 149(1)(d) of the *Income Tax Act of Canada*. Infrastructure Ontario has been added to Schedule A of the *Canada Ontario Reciprocal Taxation Agreement* and is exempt from the Goods and Services Tax. As of July 1, 2010, Infrastructure Ontario is subject to Harmonized Sales Tax (HST).

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) as recommended in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants (CICA).

Management estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from these estimates.

Key areas where management has made estimates are in the percentage of completion on project revenues and costs and the loan portfolio valuation allowance. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

Revenue recognition

Grants

Infrastructure Ontario receives grant revenue from the Ministry of Infrastructure (MOI) in relation to in-year corporate expenses. The grant is recorded as unearned revenue until the corporate expenses have been incurred. Once the corporate expenses are incurred, the grant is recognized as revenue.

Fees for Services

Infrastructure Ontario provides professional services under either cost based or fixed price contracts. For cost based contracts, revenue is recorded as costs are incurred. Revenue from fixed price contracts is recorded using the percentage-of-completion method. Percentage of completion is calculated based on a ratio of cost incurred to total estimated costs for projects that have reached the construction phase. Losses, if any, on fixed price contracts are recognized during the period they are identified.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2011

(in thousands of dollars)

Project Advisory
Revenue relating to reimbursable costs for fixed price contracts are recorded when the projects reach the construction phase. All other recoverable costs are recognized as revenue when incurred.

Loan Program
Interest on investments and loans receivable are recognized using the effective interest rate method.

Deferred Project Costs
Deferred project costs represent direct and overhead costs attributable to projects that have not yet reached the construction phase. The pre-construction costs include legal advisors, technical advisors, staff costs and administrative overhead and interest.

Loans receivable
Loans receivable are stated at their estimated net realizable value.

Loans with concessionary terms are discounted using Infrastructure Ontario's cost of borrowing to determine the present value of the loan. The difference between the face value of the loan and its present value is, in substance, a grant. Only the 2003-04 program loans were issued with concessionary terms. Loans with concessionary terms are recorded at face value discounted by the amount of the grant portion. The grant portion is recognized as a concession cost at the date of issuance of the loan and amortized to match the underlying interest subsidy, over the term of the loan.

Loan portfolio valuation allowance
The loan portfolio valuation allowance is maintained at a level that Infrastructure Ontario considers adequate to absorb valuation adjustments and losses on loans. The valuation allowance consists of a general allowance which is reviewed on a regular basis.

The valuation allowance is established against the loan portfolio where prudent assessment by Infrastructure Ontario of existing economic, industry and portfolio conditions indicate that valuation may be impaired or losses occur. The valuation allowance is underpinned by a risk rating process in which risk ratings are assigned at the time of loan origination, monitored on an ongoing basis, and adjusted to reflect changes in underlying credit risk. A number of factors are considered when determining the appropriate level of the valuation allowance, including sensitivity to risk ratings, industry sectors, portfolio quality, business mix, and economic and credit market conditions.

Accounting for Derivatives
Infrastructure Ontario is exposed to interest rate fluctuations during the period between the issuance of long term debt and providing financing to public bodies. To manage this interest rate risk, Infrastructure Ontario utilizes financial instruments with similar characteristics to a hedge. Infrastructure Ontario purchases Province of Ontario bonds with similar terms to its long term debt. Infrastructure Ontario has formally documented its risk management objective and strategy, including relationships between the hedging instrument and the hedged item.

The hedging instruments are classified under long-term investments. Gains and losses resulting from hedging activities are deferred and amortized to operations on a straight line basis over the term of the underlying debt, with maturities ranging from June 2013 to June 2041.

Infrastructure Ontario has chosen not to adopt hedge accounting for its interest rate swaps as described in note 2.

Cash and cash equivalents
Cash and cash equivalents include cash at bank and highly liquid investments with a term to maturity of three months or less.

Debt issue costs
Debt issue costs incurred on the sale of Infrastructure Renewal Bonds & Ontario Infrastructure Projects Corporation (OIPC) Bonds are netted against the related debt and are being amortized on a straight line basis over the life of the bond issues using the effective interest method.

Tangible capital assets
Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided using the straight-line

method over the estimated useful life of the assets beginning in the fiscal year of acquisition, with a half-year provision in the year of acquisition and half-year in the year of disposal. The estimated useful lives of the assets are as follows: computer equipment 3 years, furniture and fixtures 10 years and leasehold improvements 10 years.

2. RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

Infrastructure Ontario employs various risk management strategies and operates within strict risk exposure limits to ensure exposure to risk is managed in a prudent and cost effective manner. A variety of strategies are used, including the use of derivative financial instruments ("derivatives"). Infrastructure Ontario does not use derivatives for speculative purposes.

Derivatives are financial contracts, the value of which is derived from underlying instruments. Infrastructure Ontario, being both borrower and lender, uses derivatives to create cash flow hedges for instruments with differing maturity dates. The hedges are created through interest rate swaps, which are legal contracts under which Infrastructure Ontario agrees with another party to exchange cash flows based on one or more notional amounts using stipulated reference interest rates for a specified period. Swaps allow Infrastructure Ontario to offset its existing loan receivables and debt obligations and thereby effectively convert them into instruments with more desirable characteristics. Infrastructure Ontario has swapped certain of its fixed rate loan receivables and fixed rate debt portfolio into floating rate instruments. Swap interest charges are netted against Loan Program revenue.

All swap transactions have been completed with the Ontario Financing Authority ("OFA") as the contracting party. The OFA has the option at certain dates within the swap period to reset an individual swap and a cash settlement or receipt may result, however the resetting does not affect the effectiveness of the swap transaction. The OFA, as intermediary, has entered into concurrent contracts with third party financial institutions under the same terms and bears the credit risk of the swap transactions.

The table below presents a maturity schedule of Infrastructure Ontario's derivatives, outstanding as at March 31, 2011, based on the notional amounts of the contracts. The notional amounts of interest rate swaps represent the amount to which the fixed and floating rates are applied in order to calculate the exchange of cash flows. The notional amounts are not recorded in the Balance Sheet. They represent the volume of outstanding derivative contracts and are not indicative of credit risk, market risk or actual cash flows of such instruments.

Maturity	Within 1 Year	2 to 5 Years	6 to 10 Years	11 to 15 Years	Over 15 Years	National Value Total
($,000) Debt	-	1,123	360	-	458	1,941
Loans Receivable	156	615	678	590	462	2,501

3. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents includes $785 million (2010 - $708 million) of money market investments, recorded at cost which approximates market value. As at March 31, 2011 the interest rates on these investments ranged from 0.95% to 1.36% (2010 - 0.20% to 0.40%).

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2011

(in thousands of dollars)

4. ACCOUNTS RECEIVABLE AND PREPAID EXPENSE

($,000)	2011	2010
HST/GST	$ 4,656	$ 329
MOI grant	5,265	-
Prepaid expenses	206	-
MOI recoveries - Pan/Parapan American Games	17,090	-
Project recoveries	39,012	35,093
	$ 66,229	$ 35,422

5. LOANS RECEIVABLES

Infrastructure Ontario assumed the concessionary loan program for municipalities and the infrastructure renewal loan program on the date of amalgamation with OSIFA.

As of March 31, 2011, construction advances of $460 million are receivable from municipalities, universities, and other public bodies. The interest rate on these construction loans, is one half of the average of Prime and 30 day Bankers' Acceptances on the concessionary program and 30 day Bankers' Acceptances plus ten basis points on the infrastructure renewal program.

A total of $2.6 billion in debentures receivable is due from municipalities, universities and other public bodies, with terms ranging from 5 to 40 years.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2011

(in thousands of dollars)

($,000)	2011		2010	
CONSTRUCTION ADVANCES				
Concessionary loan program	$ -		$ 1,300	
Infrastructure renewal loan program	460,325		576,325	
TOTAL CONSTRUCTION ADVANCES	460,325		577,625	
		INTEREST %		INTEREST %
DEBENTURES				
Concessionary loan program				
Maturity within 5 years	280	1.87 - 2.31	49,170	1.87 - 3.03
6 to 10 years	143,347	2.06 - 2.71	126,883	2.06 - 2.71
11 to 15 years	57,875	2.28 - 2.67	136,170	2.28 - 2.95
16 to 20 years	371,530	2.36 - 2.95	317,238	2.36 - 2.87
Greater than 20 years	75,058	2.52 - 3.05	76,449	2.52 - 3.05
	648,090		705,910	
Infrastructure renewal loan program				
Maturity within 5 years	46,821	1.48 - 5.07	44,587	3.15 - 5.07
6 to 10 years	272,151	2.91 - 5.20	196,732	3.58 - 5.20
11 to 15 years	304,355	3.71 - 5.37	119,156	4.25 - 5.26
16 to 20 years	620,329	3.81 - 5.89	367,868	4.44 - 5.89
Greater than 20 years	715,801	3.97 - 5.91	316,119	4.73 - 5.91
	1,959,457		1,044,462	
TOTAL DEBENTURES	2,607,547		1,750,372	
Deferred costs on concessionary loans, beginning of year	(110,555)		(119,764)	
Concession costs current year	-		(3,009)	
Amortization concession costs	11,689		12,218	
Deferred costs on concessionary loans, end of year	(98,866)		(110,555)	
Loan valuation allowance	(2,190)		-	
TOTAL LOAN RECEIVABLE	$ 2,966,816		$ 2,217,442	

The organization has mitigated its credit risk with the current loan portfolio. Infrastructure Ontario has an intercept mechanism with the Province of Ontario which allows for funds owing to a borrower that receives funding from the Province to be redirected to Infrastructure Ontario. Loans to non-government borrowers are subject to restrictive covenants on assets and the borrower may be required to provide security agreements and loan insurance.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2011

During fiscal 2011, management reviewed its portfolio of loans and determined it prudent to set up a general valuation allowance against the portfolio.

6. PROJECT RECEIVABLES

Project recoveries are recognized either when the expense occurs or on a percentage-of-completion method. Certain project recoveries, including interest costs to finance the receivables, will not be billed until the completion of the project. Project receivables are due from various Ontario Ministries.

7. LONG-TERM INVESTMENTS

Long-term investments consist of $213 million (2010 - $246 million) of bonds utilized as hedging instruments as described in Note 1, which are carried at cost. As at March 31, 2011 the interest rates on these investments ranged from 3.00% to 5.75% (2010 - 2.50% to 6.10%) and maturities from May 2011 to June 2041.

8. COMMERCIAL PAPER

Infrastructure Ontario issues notes under a commercial paper program. The funds are used for short-term funding requirements including cash management, financing assets and general operating requirements. The program is authorized to issue a maximum of $750 million for terms of up to one year. During the year, interest on the notes ranged from 1.09% to 1.17% (2010 - 0.26% to 0.30%). As of March 31, 2011, maturities ranged from April 2011 to June 2011.

9. Debt

($,000)	2011	2010
Infrastructure renewal bonds	$ 1,250,000	$ 1,250,000
OIPC bonds	1,050,000	350,000
Province of Ontario loan	799,681	1,000,000
Ontario Clean Water Agency loan	120,000	120,000
Ontario Immigrant Investor Corporation loan	31,110	-
OFA Revolving Credit loan	123,000	100,000
	3,373,791	2,820,000
Debt issue costs	(8,484)	(6,560)
Total	$ 3,365,307	$ 2,813,440

Infrastructure Renewal Bonds

Infrastructure Ontario assumed $650 million of Infrastructure Renewal Bonds, on the date of amalgamation with OSIFA. The bonds bear interest at 4.60% per annum and mature on June 1, 2015.

On April 19, 2007, Infrastructure Ontario issued $300 million of Infrastructure Renewal Bonds. The bonds bear interest at 4.70% per annum and mature on June 1, 2037.

On August 26, 2008, Infrastructure Ontario issued $300 million of Infrastructure Renewal Bonds. The bonds bear interest at 3.95% per annum and mature on June 3, 2013.

OIPC Bonds

Infrastructure Ontario issued various bonds totaling $1.0 billion to the Province of Ontario for the purpose of funding its loanprogram. These bonds are subordinated obligations of Infrastructure Ontario and will rank behind all other existing and future unsubordinated obligations and unsecured public debt of Infrastructure Ontario. The bonds bear interest from 2.75% to 4.96% per annum and maturities range from September 2014 to June 2041. Interest is paid semi-annually on these bonds until maturity.

Province of Ontario Loan

The Province of Ontario provided Infrastructure Ontario with a fifty-year subordinated loan of approximately $800 million (2010 - $1 billion) in exchange for a promissory note which matures on March 31, 2053. The interest on the note is reset quarterly at the Province's three-month treasury bill rate and payable quarterly. During the year, interest on the note ranged from 0.54% to 1.01% (2010 - 0.22% to 0.42%).

Ontario Clean Water Agency Loan

The Ontario Clean Water Agency (OCWA), an agency of the Province of Ontario, provided a twenty-year subordinated loan of $120 million to Infrastructure Ontario in exchange for a promissory note which matures on March 1, 2023. The interest on the note is reset monthly, with the interest rate set at four basis points below the average one month Canadian Dollar Offered Rate, payable quarterly. During the year, interest on the note ranged from 0.44% to 1.20% (2010 - 0.36% to 0.60%).

The Province of Ontario and OCWA loans provide: (i) credit protection to investors in unsubordinated debt such as Infrastructure Renewal Bonds and Commercial Paper (ii) a liquidity backstop for Infrastructure Ontario's financing needs; and (iii) a stable long-term capital base that enables Infrastructure Ontario to achieve a high credit rating.

Ontario Immigrant Investor Corporation Loan

Ontario Immigrant Investor Corporation (OIIC), an agency of the Province of Ontario, provided two five-year subordinated loans totaling $31 million as of March 31, 2011. These loans are subordinated obligations of Infrastructure Ontario and will rank behind all other existing and future unsubordinated obligations and unsecured public debt of Infrastructure Ontario. The loans bear interest from 2.94% to 3.01% per annum and maturities range from January 2016 to February 2016. Interest is paid semi-annually on these loans until maturity.

Revolving Credit Facility

The Ontario Financing Authority (OFA), an agency of the Province of Ontario provides Infrastructure Ontario with a subordinated revolving credit facility of up to $200 million to provide working capital for AFP projects. Advances are to be repaid upon completion of individual AFP projects. The credit facility must be repaid in full by June 23, 2016. As at March 31, 2011, Infrastructure Ontario has utilized $123 million (2010 - $100 million) on the line of credit, with interest at the Province's cost of funds for borrowings with a similar term. Interest charges range from 1.98% to 4.00% (2010 - 2.10% to 4.60%), with maturities from July 2011 to March 2014.

10. TANGIBLE CAPITAL ASSETS

($,000)	Cost	Accumulated Amortization	Net 2011	Net 2010
Computer equipment	$ 3,331	$ 2,715	$ 616	$ 873
Furniture and fixtures	911	433	478	568
Leasehold improvements	3,059	1,284	1,775	2,895
Total	$ 7,301	$ 4,432	$ 2,869	$ 4,336

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2011

(in thousands of dollars)

11. DEFERRED PROJECT COSTS

Deferred project costs represent the accumulation of project expenses incurred for projects that have not yet reached the construction phase. Once the project reaches the milestone, revenue and its related expense will be recognized in that fiscal year.

12. INTEREST EXPENSE

($,000)	2011	2010
Commercial Paper	$ 5,777	$ 1,705
Infrastructure Renewal Bonds	55,850	55,816
OIPC Bonds	31,915	2,790
Province of Ontario loan	5,811	2,850
Ontario Clean Water Agency loan	1,075	456
Ontario Immigrant Investor Corporation loan	101	-
	$ 100,529	$ 63,617

13. RESTRUCTURING

Debt Restructuring

During the year, Infrastructure Ontario was granted a remission of $200 million on the Province of Ontario loan, which reduced Infrastructure Ontario's obligation on the loan from $1 billion to approximately $800 million. The remission was recorded as revenue and a reduction in the Province of Ontario Loan.

Corporate Restructuring

As discussed in Note 21, Subsequent Events, Infrastructure Ontario amalgamated with Ontario Realty Corporation and Stadium Corporation of Ontario effective June 6, 2011, continuing as Ontario Infrastructure and Lands Corporation Limited. Infrastructure Ontario recognized $1.37 million in costs related to the merger as at March 31, 2011, including severance costs of $0.67 million and leasehold write offs of $0.7 million.

14. RELATED PARTY TRANSACTIONS

In addition to the loans from, the OCWA, the Province of Ontario and the OFA, Infrastructure Ontario receives a grant from MOI to cover corporate expenses. In 2011, the total grant was $5.3 million (2010 - $9.9 million).

Project costs and recoveries are also undertaken with various Ontario Crown Agencies and Ministries, including the Ministry of Health and Long Term Care, the Ministry of the Attorney General, the Ministry of Children and Youth Services, the Ministry of Government Services, the Ministry of Community Safety and Correctional Services, and the Ministry of Transportation.

Infrastructure Ontario has incurred costs for services of the OFA of $1.1 million (2010 - $1.1 million).

15. FUTURE EMPLOYEE BENEFITS

The organization provides pension benefits to certain of its full-time employees through participation in the Public Service Pension Plan, which is a multi employer defined benefit plan established by the Province of Ontario. The cost of the pension plan of $0.2 million (2010 - $0.2 million) is based on formulas set by the Ontario Pension Board and has been expensed. In addition, for these employees the cost of post-retirement, non-pension employee benefits is paid by Management Board Secretariat and is not included in the financial statements.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2011

(in thousands of dollars)

The organization provides a defined contribution pension plan for all other full-time employees. The organization contributes 5% of the employee's base salary and up to an additional 2.5% of the employee's base salary as a matching contribution to amounts paid to the plan by the employee. The cost of this plan in the year was $0.9 million (2010 - $0.9 million).

16. FINANCIAL INSTRUMENTS

The carrying amounts for cash and cash equivalents, accounts receivable and prepaid expenses, accounts payable and accrued liabilities and interest payable approximate their fair values because of the short-term maturity of these instruments.

The organization earns interest on loans receivable, short and long-term investments and pays interest on short and long-term debt. To the extent that these financial instruments mature or re-price at different points in time, the organization is exposed to interest rate risk. Management actively manages the maturities of these financial assets and liabilities to mitigate this risk including utilizing interest rate swap arrangements as detailed in note 2.

17. CONTINGENCIES

Infrastructure Ontario, in the ordinary course and conduct of its business, may be exposed to various legal proceedings. At March 31, 2011, Infrastructure Ontario was not aware of any such proceedings in process.

18. COMMITMENTS

On February 10, 2006, the Province announced that the Infrastructure Renewal loan program would now be open for applications from all municipalities on a continuous basis. The loan program was also expanded to help Ontario universities and other public bodies.

($,000)	Approved Financing	Issued
Program year		
2004 - 2005	$ 585,000	$ 466,000
2005 - 2006	319,000	261,000
2006 - 2007	49,000	40,000
2007 - 2008	449,000	393,000
2008 - 2009	642,000	564,000
2009 - 2010	946,000	739,000
2010 - 2011	699,000	383,000
	$ 3,689,000	**$ 2,846,000**

Infrastructure Ontario is committed to minimum base rent annual payments under operating leases for the next five years as follows:

($,000)

Fiscal year	Amount ($)
2011 - 2012	**577**
2012 - 2013	**646**
2013 - 2014	**664**
2014 - 2015	**664**
2015 - 2016	**664**

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2011

(in thousands of dollars)

19. TRUST FUNDS UNDER ADMINISTRATION

Infrastructure Ontario administers funds as an agent of the Ministry of Children and Youth Services relating to the Roy McMurtry Youth Centre project. The administered funds are a result of an arrangement that enabled Infrastructure Ontario to make the final construction payment to the construction consortium on behalf of the ministry. As of March 31, 2011, the funds under administration are $0.6 million (2010 - $2.6 million), which represents the holdback on the payment to the construction consortium. Infrastructure Ontario acts as trustee for this account as specified in the agreement. The funds are excluded from the financial statements of this organization.

Infrastructure Ontario also administers funds as an agent of the Ministry of Community Safety and Correctional Services relating to the Toronto South Detention Centre project. The administered funds are a result of an arrangement that enabled Infrastructure Ontario to make the Toronto Intermittent Centre (TIC) completion payment on behalf of the ministry. As of March 31, 2011, the funds under administration are $50 million. In April 2011, these funds have been paid to the construction consortium. Infrastructure Ontario acts as trustee for this account as specified in the agreement. The funds are excluded from the financial statements of this organization.

Infrastructure Ontario is required by the Canadian Mortgage of Housing Corporation (CMHC) to collect property taxes and reserve funds as a condition of providing affordable housing loans. As part of the CHMC certificate of insurance, the funds need to be set up in a trust account and administered by Infrastructure Ontario. As at March 31, 2011 the funds under administration are $0.025 million. The funds are excluded from the financial statements of this organization.

20. ECONOMIC DEPENDENCE

Infrastructure Ontario is dependent on the Province of Ontario for the provision of funds to cover operating costs, finance project costs until recovery and to support the concessionary loans provided to municipalities. Based on the Province's support in providing a multi-year commitment for public infrastructure projects and providing a fifty-year loan, Infrastructure Ontario is considered a going concern.

21. SUBSEQUENT EVENTS

Issuance of Debt

Subsequent to year end, Infrastructure Ontario issued OIPC bonds to the Province of Ontario totaling $160 million (2010 - $275 million) for the purpose of funding its loan program. The bonds bear interest from 4.14% to 4.60% per annum and maturities range from June 2021 to June 2041. Interest is paid semi-annually on these bonds until maturity.

Subsequent to year end, Ontario Immigrant Investor Corporation (OIIC) provided two more five-year subordinated loans totaling $24 million. The loans bear interest from 2.99% to 3.05% per annum and maturities from March 2016 to April 2016.

Corporate Restructuring

Legislation to enact the Ontario Infrastructure and Lands Corporation Act, 2011 was proclaimed June 6, 2011, amalgamating the Ontario Infrastructure Projects Corporation, Ontario Realty Corporation and Stadium Corporation of Ontario Limited under the name Ontario Infrastructure and Lands Corporation. Separate audited financial statements have been prepared for Ontario Realty Corporation and Stadium Corporation of Ontario for the year ended March 31, 2011.

22. COMPARATIVE FIGURES

The comparative figures have been reclassified to reflect the current presentation.

Ontario

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